Ref. : CMIFPE/BSE/2018-19 Fax 22723719/2041/2061/2037/3121
Date : July 28, 2018

To
The Secretary,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001

Scrip Code: 500147

Dear Sir,

Sub.: Annual Report for the financial year ended March 31, 2018

Please note that the 32nd Annual General Meeting of the Company was held on Friday, July 27, 2018 at 2.30 p.m. at Mehta House, Plot No. 64, Road No. 13, MIDC, Andheri (E), Mumbai - 400093. The shareholders of the Company had approved and adopted the Audited Financial Statements, Reports of the Board of Directors and Auditors for the financial year ended March 31, 2018 at the 32nd Annual General Meeting.

In compliance with Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Annual Report of the Company for the financial year ended March 31, 2018.

Kindly take the same on record and acknowledge the receipt.

Thanking you

Yours faithfully,
For CMI FPE Limited

CMI FPE LIMITED

Haresh Vala
Company Secretary

Encl.: A/a

CMI FPE Limited

Annual Report **2017-2018**

Inspired by the World

CMI INDUSTRY

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Tuned to the needs of our time

“We are struck by John Cockerill’s personality because, like all visionary managers, he realized the needs of his time. He understood them and found solutions to these.” Times change, problems change, but 200 years later, we are still driven by the same ambition.

**Robert Beckers, CEO of CMI from 1982 to 1989.*

Message from the Chairman

Dear Shareholders,

After years of sluggish economy, I think it is safe to say that 2017-18 has seen considerable improvement in global economic growth. World crude steel production was up in 2017 and is expected to grow by another 2.8% in 2018. Strategists believe that the Asia-Pacific region is set to continue its impressive performance through 2018, underpinned by robust growth. The region's outlook for 2018 is solid, with GDP growth expected to come in at just under 5%. India is expected to pursue its 2017 growth also in 2018, harvesting the real fruits of its recent national reforms in the next 12-18 months, with a rising consumption following a drop in prices for the end users and corporate earnings that are forecasted to further improve.

The year 2017-18 was marked by the glorious 200 years celebration of our CMI Group. The events organized for the bicentennial consolidated the brand recognition and reputation of CMI through the identity of its founder, John Cockerill, and his successors including of course our Indian colleagues, who make up approximately 50% of the Industry sector's workforce.

After this significant milestone in the Group's history, 2018 is another important year for the group and our sector, as it marks the 10 years anniversary of CMI FPE's acquisition by CMI group and the first decade of our common journey. Since 2008, CMI FPE has continuously played an important role in the growth and development of CMI Group and has helped CMI to become an important player in the supply of global cold rolling steel complexes.

To serve its customers best, CMI FPE heralded growth on many fronts in 2017-18. Thus, as part of its long-term economic development, CMI has been further stepping up its manufacturing expansion on the Indian sub-continent. At the same time our company has put in place processes to improve its expertise in overall production performance and to manufacture products in the most economical and reliable manner. Also, our company provides customised after sales services and spare parts to minimise the downtime of its customers' equipment. Additionally, CMI FPE booked many orders for new production lines and mills in 2017-18 and also continues to be successful in modernising existing equipment and lines. A positive trend that is due to the implementation of innovation, process optimisation and effective management of its projects in terms of both cost and technology. In 2017-18 our company focused on two major areas: safety & people, and innovation & markets.

As such, CMI FPE's Safety Management System incorporates safety into daily operations. In 2017, our employees have received training in personal and work safety, with the clear goal to create a safety mind-set that teaches how to speak up in a constructive way when spotting any unsafe behaviour at work.

Like safety, innovation is the responsibility of all employees. As such, CMI FPE has been vigorously working to keep its customers abreast of technological advancements through revamping and upgrading projects so as to ensure better sustainability. The rapid evolution of our portfolio of technologies demonstrates that the dynamism and innovative strength of our founder, John Cockerill, are still firmly rooted in the DNA of our CMI teams, also in India.

In order to best prepare to a fast developing steel industry, CMI FPE understood that innovation-based development is an imperative for sustainable economic growth, as it is a huge creator of economic value and a driver of competitive advantage. Hence in 2017-18, our company focused, more than ever, on providing added value to its customers, by offering state-of-the-art technologies, cost optimisation, value engineering and product life cycle management. The '2018 Public Award' won by CMI FPE for its innovative product 'Compact Color Coating Line' during the 2017 edition of the "CMI Awards" is one prominent example of our company's innovative culture. Another notable example is the 'Total Productive Maintenance (TPM) Award' that our company has been attributed with by TCIL in 2017 for our innovative maintenance approach. Thus, demonstrating that innovation within CMI FPE is not only technological, but is also focusing on the improvement of our company's operational efficiency.

This year as we complete a decade of good work, we realise that CMI FPE has been going through a major transformation over the past years and while it is not easy to assess the transformation impact from one single year's results, it becomes clear when looking back, just how much has changed. As such, several global industry best practises have been put in place to increase our overall operational efficiency, to increasingly adapt to demanding market conditions and to best seize opportunities in order to penetrate more aggressively into our target markets.

However we are also well aware of the many challenging years ahead of us. Despite an improving economical context, we all know that the world still faces many social, financial, economic and environmental challenges, we, as a company, have to focus on those areas where we can make the best impact. As such, technology and innovation must inspire us also in the years to come, to provide solutions to these global challenges, instead of slowing down in the face of obstacles.

I would like to personally thank all our CMI FPE employees for their contributions to our success in 2017. Our Indian staff has been quick to recognize our customers' changing needs, and have responded efficiently and effectively. Progressive thinking and improved strategic management will push us further towards sustainable growth and profitability and help CMI FPE under the helm of the CMI Industry Sector to become a global player in the supply of cold rolling steel complexes.

I would like to seize this opportunity to thank all our stakeholders for their continued support and trust in us, and ensure them that we will continue to be committed towards creating value for them also in the future.

Yours Sincerely,

Joao Felix Da Silva

Corporate Information

Board of Directors

Mr. Joao Felix Da Silva – Chairman
Mr. Raman Madhok – Managing Director
Mr. Yves Honhon
Mr. D. J. Balaji Rao
Mr. Raman M. Madhok
Mr. N. Sundararajan
Ms. Roma Balwani
Mr. Fabrice Orban

Chief Financial Officer

Mr. Akash Ohri

Company Secretary

Mr. Haresh Vala

Bankers

Canara Bank

Kotak Mahindra Bank Limited

ICICI Bank Limited

Auditors

Deloitte Haskins & Sells, Chartered Accountants

Cost Auditors

Kishore Bhatia & Associates, Cost Accountants

Legal advisors

PDS & Associates, Advocates & Solicitors

Registrar and Share Transfer Agent

Bigshare Services Private Limited

Registered office

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

Andheri (East), Mumbai – 400 093

Notice

Notice is hereby given that the Thirty Second Annual General Meeting of the Members of CMI FPE Limited ("the Company") will be held on Friday, July 27, 2018 at 2.30 p.m. at Mehta House, Plot No. 64, Road No. 13, MIDC, Andheri (East), Mumbai - 400 093 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended March 31, 2018, together with the Reports of the Board of Directors and the Auditors thereon.

2. To declare a final dividend of ₹ 2/- per equity share and a special dividend of ₹ 2/- per equity share of the Company.

3. To appoint a Director in place of Mr. Fabrice Orban (DIN 05114495), who retires by rotation and, being eligible, offers himself for re-appointment.

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

   "RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s. S R B C & Co. LLP, Chartered Accountants (ICAI Registration Number 324982E/E300003), be and are hereby appointed as Statutory Auditors of the Company in place of the retiring Auditors, M/s. Deloitte Haskins & Sells, Chartered Accountants (ICAI Registration Number 117365W), to hold office for a term of five consecutive financial years, from the conclusion of this Annual General Meeting till the conclusion of 37th Annual General Meeting of the Company to be held in the year 2023, at a remuneration of ₹ 48 lakhs for the first financial year 2018-19 and for subsequent financial years as mutually agreed upon by the Board of Directors and the Statutory Auditors.

   RESOLVED FURTHER THAT the Board of Directors of the Company (including the Audit Committee) and the Company Secretary of the Company, be and are hereby severally authorised to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds, matters and things as may be considered necessary, proper, desirable or expedient to give effect to this resolution."

SPECIAL BUSINESS

5. **Ratification of the remuneration payable to Cost Auditor for the financial year 2018-19**

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

   "RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the appointment of and terms of remuneration payable to M/s. Kishore Bhatia & Associates, Cost Accountants (Firm Registration No. 00294) appointed, on the recommendations of the Audit Committee, by the Board of Directors of the Company on May 30, 2018, to conduct the audit of the cost accounting records of the Company for the financial year 2018-19, amounting to ₹ 2,30,000/- (Rupees Two Lakhs Thirty Thousand only) plus reimbursement of out of pocket expenses incurred by them in connection with the aforesaid audit, be and are hereby ratified and confirmed."

6. **Omnibus prior approval for Material Related Party Transactions**

   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 requirements of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as **"Listing Regulations"**), provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as **"the Act"**) including any statutory modification(s) or re-enactment(s) thereof for the time being in force, provisions of Companies (Meeting of Board and its Powers) Rules, 2014 (hereinafter referred to as **"the Rules"**) and the approval of Audit Committee and the Board of Directors of the Company and subject to such other approvals, consents, permissions and sanctions of any authorities as may be necessary, the omnibus prior approval of the members of the Company be and is hereby accorded for entering into the following proposed material Related Party Transactions with respect to sale and purchase of goods and supply of services, for financial year 2018-19 to financial year 2020-21 upto the maximum amounts as appended in the table below :

Sr. No.	Name of the Related Party	Relationship	Maximum Value of Transactions for 2 to 3 years from financial year 2018-19 to financial year 2020-21 based on orders to be received
1.	CMI SA, Belgium	Holding Company	₹ 600 crores
2.	CMI Industry Automation Private Limited	Fellow Subsidiary	₹ 30 crores
3.	CMI Engineering (Beijing) Co. Ltd.	Fellow Subsidiary	₹ 50 crores

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, Mr. Raman Madhok, Managing Director of the Company and Mr. Akash Ohri, Chief Financial Officer of the Company be and are hereby severally authorised to agree, accept and finalise all such terms and conditions, modification(s) and alteration(s) as they may deem fit and also authorised to resolve and settle all questions, difficulties or doubts that may arise with regard to the said transaction and finalise and execute the agreement(s), documents and writings and to do all such acts, deeds, matters and things in this connection and incidental thereto as the Board in its absolute discretion may deem fit without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given approval thereto expressly by the authority of this resolution."

By Order of the Board of Directors
For CMI FPE Limited

Taloja
May 30, 2018

Haresh Vala
Company Secretary

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

NOTES:

1. **A Member entitled to attend and vote at the Annual General Meeting ("AGM") is entitled to appoint a proxy to attend and vote on a poll instead of himself / herself. Such a proxy need not be a member of the Company.** The instrument of proxy in order to be effective, must be deposited at the Registered Office of the Company, duly completed, stamped and signed, not less than 48 hours before the commencement of the AGM. A proxy form is annexed to this Report. Proxies submitted on behalf of the Companies, Societies, etc., must be supported by an appropriate resolution / authority, as applicable.

   A person can act as proxy on behalf of members not exceeding 50 (fifty) in number and holding in the aggregate not more than 10 (ten) percent of the total share capital of the Company carrying voting rights. A member holding more than 10 (ten) percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such proxy cannot act as a proxy for any other person or member. The holder of the proxy shall prove his identity at the time of attending the AGM.

2. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 and the Secretarial Standard on General Meetings (**"SS 2"**) setting out material facts in respect of the Special Business under Item Nos. 5 and 6 of the accompanying Notice, is annexed hereto.

3. The Register of Members and Share Transfer Books of the Company will remain closed from July 23, 2018 to July 27, 2018, both days inclusive, for determining the names of the members eligible for dividend on the Equity Shares, if declared at the AGM.

4. Dividend of ₹ 2/- per equity share of face value of ₹ 10/- each for the year ended March 31, 2018 and one-time 'Special Dividend' of ₹ 2/- per equity share of face value of ₹ 10/- each on completion of ten years of takeover by Cockerill Maintenance and Ingenerie SA, aggregating to ₹ 4/- per equity share of ₹ 10/- each, as recommended by the Board of Directors, if declared at the AGM, will be payable after July 27, 2018 to those members :

   (a) whose names appear as members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company / Registrar and Share Transfer Agent (**"R & T Agent"**) on or before July 21, 2018; and

(b) whose names appear as Beneficial Owners in the list of Beneficial Owners as on July 21, 2018 furnished by National Securities Depository Limited (**NSDL**) and Central Depository Services (India) Limited (**CDSL**) for this purpose.

5. The Company's R & T Agent for its Share Registry Work (Physical and Electronic), are Bigshare Services Private Limited, having their office premises at 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri East, Mumbai – 400059.

6. Those members who have so far not encashed their dividend warrants for the financial year 2010-2011 onwards, are requested to claim it from the R & T Agent without any further delay as the said unpaid dividends will be transferred to the Investor Education and Protection Fund (**"IEPF"**) of the Central Government pursuant to the provisions of the Companies Act, 2013. Further Ministry of Corporate Affairs has notified new Rules namely "Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016", as amended from time to time which contain provisions for transfer of all shares in respect of which dividend has not been paid or claimed for seven consecutive years in the name of IEPF Authority. The details of unpaid / unclaimed dividend and number of shares liable to be transferred are available under "Investor Relations" section on the website of the Company.

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

   Shareholders are requested to note that no claim shall lie against the Company in respect of these shares post their transfer to IEPF. Upon transfer, the shareholders will be able to claim these equity shares from the IEPF Authority by making an online application, the details of which are available on www.iepf.gov.in.

7. Relevant details as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SS 2, in respect of Director proposed to be re-appointed at this AGM, forms integral part of the Notice of the AGM.

8. Members holding shares in physical mode are advised to make nomination in respect of their shareholding in the Company in the nomination form (Form SH-13). Members holding shares in electronic mode may contact their respective Depository Participant (**"DP"**) for availing the nomination facility.

9. The Securities and Exchange Board of India (**"SEBI"**) has mandated the submission of Permanent Account Number (**"PAN"**) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to the DP with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN to the Company's R & T Agent. SEBI has also mandated that for registration of transfer of shares, the transferee(s) as well as transferor(s) shall furnish a copy of their PAN card for registration of transfer of shares.

10. Members holding shares in dematerialised form are requested to intimate all changes pertaining to their bank details, NECS / ECS mandate, email address, power of attorney, change of address / name, etc., to their DP only and not to the Company's R & T Agent. Changes intimated to DP will then be automatically reflected in the Company's records which will help the Company and its R & T Agent to provide efficient and better service to the members. Members holding shares in physical form are requested to advice such changes to the Company's R & T Agent.

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

12. Members desirous of getting any information about the accounts and / or operations of the Company are requested to write to the Company at least seven days before the date of the AGM, to enable the management to keep the information ready at the AGM.

13. Members, Proxies and Authorised Representatives are requested to bring to the AGM, the Attendance Slip enclosed herewith, duly completed and signed mentioning therein details of their DP ID and Client ID / Folio Number. Duplicate Slip or copies of the Report and accounts will not be made available at the AGM.

14. Electronic copy of the Annual Report for financial year 2017-2018 and the Notice of the 32nd AGM of the Company *inter alia* indicating the process and manner of e-voting along with the Attendance Slip and Proxy Form is being sent to all the Members whose email IDs are registered with the Company / DP for communication purpose

unless any Member has requested for a physical copy of the same. For Members who have not registered their email address, physical copies of the aforesaid documents are being sent in the permitted mode.

15. Members may also note that the Notice of the 32^{nd} AGM and the Annual Report for financial year 2017-2018 will 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 for inspection without any fee during normal business hours (10.00 a.m. to 5.00 p.m.) on all working days, except Saturday, up to and including the date of the AGM. Even after registering for e-communication, Members are entitled to receive such communication in physical form, upon making a request for the same, free of cost. For any communication, the Members may also send requests to the Company's email id : investors@cmifpe.com.

16. The route map to reach the venue of the meeting is given in the Annual Report.

17. **Voting through electronic means:**

Pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SS 2, as amended from time to time, the Company is pleased to provide its Members the facility of 'remote e-voting' (e-voting from a place other than venue of the Meeting) to exercise their right to vote on resolutions proposed to be considered at the 32^{nd} AGM by electronic means. The business may be transacted through e-voting services provided by National Securities Depository Limited (**"NSDL"**).

The Board has appointed M/s. I Qureshi & Associates, Practising Chartered Accountants as the Scrutinizer to scrutinize the remote e-voting and voting process at the AGM in a fair and transparent manner.

The instructions for e-voting are as follows:

Step 1 : Login to NSDL's e-voting system at https://www.evoting.nsdl.com/

Step 2 : Cast your vote electronically on NSDL's e-voting system.

Step 1

How to log-in to the NSDL e-voting website

1. Visit the e-voting website of NSDL by opening your web browser and type the following URL : https://www.evoting.nsdl.com/ either on a personal computer or on a mobile.

2. Once the home page of e-voting system is launched, click on the icon "Login" available under 'Shareholders' section.

3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL e-services, i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL e-services after using your log-in credentials, click on 'e-Voting' and proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	**User ID**
a) For members who hold shares in demat account with NSDL	8 character DP ID followed by 8 digit Client ID For example, if your DP ID is IN300*** and Client ID is 12****** then your User ID is IN300***12******.
b) For members who hold shares in demat account with CDSL	16 digit Beneficiary ID For example, if your Beneficiary ID is 12************** then your User ID is 12**************.
c) For members holding shares in physical form	EVEN, followed by Folio Number registered with the Company. For example, if your EVEN is 101456, then User ID is 101456001***.

5. Your password details are given below :

   a) If you are already registered for e-voting, then you can use your existing password to log in and cast your vote.

b) If you are using NSDL e-voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and change your password, as prompted by the system.

c) How to retrieve your 'initial password'?

(i) If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you by NSDL from your mailbox. Open the email and open the attachment (it will be a .pdf file). Open the file. The password to open the file is your 8-digit client ID for your NSDL account, or the last 8 digits of your CDSL Client ID, or Folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

(ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

6. If you have not received the 'initial password' or are unable to retrieve it, or have forgotten your password :

   a) Click on the 'Forgot User Details / Password?' (for those holding shares in demat accounts with NSDL or CDSL) option available on www.evoting.nsdl.com

   b) A 'Physical User Reset Password?' (for those holding shares in physical mode) option is also available on www.evoting.nsdl.com

   c) If you are unable to get your password following the aforesaid options, you can send a request to evoting@nsdl.co.in mentioning your demat account number / folio number, your PAN, your name and your registered address.

7. After entering your password, agree to the terms and conditions by checking the box.

8. Next, click on the 'Login' button.

9. After you click on the 'Login' button, the homepage of e-voting will open.

Step 2

How to cast your vote electronically on NSDL e-voting system?

1. After successful logging in following Step 1, you will be able to see the e-voting homepage. Click on 'e-voting'. Then, click on 'Active Voting Cycles'.

2. Upon clicking on 'Active Voting Cycles', you will be able to see the 'EVEN' of all the Companies in which you hold shares and whose voting cycles are in 'active' status.

3. Select the 'EVEN' of CMI FPE Limited which is 108527 to cast your vote.

4. Now you are on the voting page and ready for e-voting.

5. Cast your vote by selecting appropriate options, i.e. assent or dissent, verify / modify the number of shares for which you wish to cast your vote, and click on 'Submit'. Also click on 'Confirm' when prompted.

6. Upon confirmation, the message, 'Vote cast successfully', will be displayed.

7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

8. Please remember that you are not allowed to modify your vote once you confirm your vote on a resolution.

General guidelines for shareholders :

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

2. It is strongly recommended that you do not share your password with any other person and take utmost care to keep your password confidential. Log in to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the 'Forgot User Details / Password?' or the 'Physical User Reset Password?' option available on www.evoting.nsdl.com to reset the password.

3. In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for shareholders and e-voting user manual for shareholders available in the download section of www.evoting.nsdl.com, or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in.

4. The e-voting period commences on July 23, 2018 (9.00 a.m.) and ends on July 26, 2018 (5.00 p.m.) During this period, members of the Company holding shares in physical or dematerialised form, as on the cut-off date i.e. July 20, 2018, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. A member will not be allowed to vote again on any resolution on which a vote has already been cast. Any person who acquires shares of the Company and becomes a member of the Company after dispatch of the Notice convening the 32nd AGM and upto the cut-off date i.e. July 20, 2018, may obtain login ID and password by sending a request at evoting@nsdl.co.in.

5. Members who have cast their vote by remote e-voting can attend and participate in the AGM but shall not be entitled to vote again at the AGM.

6. The voting rights of the members shall be proportionate to their share of the paid-up equity share capital of the Company as on the cut-off date i.e. July 20, 2018.

7. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the AGM, thereafter unblock the votes cast through remote e-voting, in the presence of at least 2 (two) witnesses not in the employment of the Company and make, not later than 3 (three) days of conclusion of the AGM, a consolidated Scrutinzer's Report of the total votes cast in favour or against, if any, to the Chairman or the Managing Director, who shall countersign the same.

8. The Chairman or the Managing Director shall forthwith on receipt of the consolidated Scrutinizer's Report, declare the result of the voting. The result declared, along with the Scrutinizer's Report shall be placed on the Company's website - www.cmifpe.com and on the website of NSDL - www.evoting.nsdl.com immediately. The Company shall simultaneously forward the result to BSE Limited, where the shares of the Company are listed.

ANNEXURE TO THE NOTICE

Re-appointment of Mr. Fabrice Orban as Director

Mr. Fabrice Orban (DIN 05114495), Non-Executive Director of the Company, retires by rotation and, being eligible, has offered himself for re-appointment.

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

Mr. Fabrice Orban, aged about 44 years, holds a M. Sc. Degree in Engineering and Applied Economics (Commercial Engineer) from University of Leige, Belgium and a Post Graduate degree in International Trade and Finance from the Solvay Business School, University of Brussels.

Mr. Fabrice Orban has total work experience of nearly 20 years. Mr. Orban joined the CMI group in the year 1998 as a sales engineer within the Processing Lines pole, and later on was appointed as Project Manager. In 2002, he joined McKinsey & Company as 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 is presently designated as Vice President – CMI Industry Metals of CMI SA, the parent Company.

Mr. Fabrice Orban, who was first appointed as a Director on the Board on February 6, 2014, will be re-appointed as Non-Executive Non Independent Director and he does not draw any remuneration from the Company. Mr. Orban attended 3 (three) Board Meetings held during the financial year 2017-18. He does not hold any directorship in CMI SA or any other Company and is not a member of any Committee.

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

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

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

ITEM NO. 4:

This Explanatory Statement is provided though strictly not required as per Section 102 of the Act.

M/s. Deloitte Haskins & Sells (**DHS**), Chartered Accountants, Mumbai (ICAI Firm Registration No. 117365W) have been the Auditors of the Company since the financial year 2008-09 and have completed a term of ten years.

As per the provisions of Section 139 of the Act, no listed Company can appoint or re-appoint an audit firm as auditor for more than two terms of five consecutive years. In view of the above, DHS's term as auditors of the Company is up to the conclusion of the ensuing Annual General Meeting (**"AGM"**).

The Board of Directors at its meeting held on May 30, 2018, on the recommendation of the Audit Committee, proposed the appointment of M/s. S R B C & Co. LLP, Chartered Accountants (ICAI Registration No. 324982E/E300003) as the Statutory Auditors of the Company for a period of five consecutive financial years, to hold office from the conclusion of this AGM till the conclusion of the 37th AGM of the Company to be held in 2023.

M/s. S R B C & Co. LLP have consented to their appointment as Statutory Auditors and have confirmed that if appointed, their appointment will be in accordance with Section 139 read with Section 141 of the Act.

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

None of the Directors or Key Managerial Personnel of the Company or their respective relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 4.

ITEM NO. 5

Ratification of remuneration payable to the Cost Auditor

The Board of Directors at its meeting held on May 30, 2018, on the recommendation of the Audit Committee, approved the appointment and remuneration of M/s. Kishore Bhatia & Associates, Cost Accountants, Mumbai (Firm Registration No. 00294) as Cost Auditors to conduct the audit of the cost accounting records of the Company for the financial year 2018-19.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the remuneration payable to the Cost Auditor is required to be ratified by the Members of the Company.

The Board, subject to ratification by the Members, has approved remuneration of ₹ 2.30 lakhs (previous year ₹ 2 lakhs) plus reimbursement of out of pocket expenses, for conducting the cost audit for the financial year 2018-19.

Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out at Item No. 5 of the Notice for ratification of the remuneration payable to the Cost Auditor, as above.

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

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

ITEM NO. 6

Omnibus prior approval for Material Related Party Transactions

As a part of the global expansion strategy of the Metal business of CMI Group and to increase its reach of business in different geographies, CMI SA (**"the Parent Company"**) and CMI FPE Limited (**"the Company"**) propose to enter into contracts on joint basis. In order to take advantage of the expertise and knowledge of the Parent Company, the Company and the Parent Company will enter into contracts with each other for the sale and purchase of goods and supply of services for the various third party orders that will be received by CMI SA on its own or in collaboration with the Company in geographies in which, in the absence of its reach or lack of knowledge of local language, technology, culture or contacts, the Company has hitherto not been able to do any business, eg. Mexico, Spain, Russia, etc.

The projects with CMI SA will help the Company to establish itself in some of the countries which are viewed as having high potential for the products of the Company and where the Company has not done business in the past. Also, some of the projects will enable the Company to enter into competitors' territories which were hitherto not explored by the Group and establish new references which will also help grow its business in its traditional markets like India, Africa and South East Asia.

The Group has adopted the strategy of "One Metals" whereby multiple Business Units collaborate on any given project with clearly identified scope-lines.

Each Business Unit has a cohesive approach where detailed Engineering, Quality Assurance Plans, Project Management, etc. are shared to reduce overall costs and increase our competitiveness. This strategy of "One Metals" has helped the Company to get orders and source the materials and services from other Group Companies in India and abroad for the sake of customers.

Section 188 of the Act read with Rules 15 and 16 of Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time, prescribes certain procedure for approval of related party transactions. Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "**the Listing Regulations"**), as amended from time to time, also prescribes seeking approval of Members for material related party transactions. The proviso to Section 188 of the Act also states that nothing in Section 188(1) of the Act applies to any transaction entered into by the Company in its ordinary course of business and at arm's length basis.

All the proposed transactions put up for approval are in the ordinary course of business and at arm's length. Since the transactions are repetitive in nature and considering the anticipated large volume of the transactions, pursuant to the requirements of Regulation 23 of the Listing Regulations, the following contracts / arrangements / transactions will be material in nature and hence requires the approval of the Members of the Company by way of an Ordinary Resolution.

Sr. No.	Name of the Related Party	Relationship	Maximum Value of Transactions for 2 to 3 years financial year 2018-19 to financial year 2020-21 for orders to be received	Nature and material terms / particulars of the contract or arrangement
1.	CMI SA, Belgium	Holding Company	₹ 600 crores	The Company will enter into contracts with CMI SA for sale and purchase of goods and supply of services for the joint projects under the leadership of CMI SA. The projects will be spread over a period of 2 to 3 years from financial year 2018-19 to financial year 2020-21 and will allow the Company to establish its competitiveness in markets where due to language or reference, the Company has no reach. The Company and CMI SA have entered into Brand Fee Agreement @ 0.6% of the external sales and Technology Agreement for the new technology to be provided by CMI SA @ 3% of the value addition basis on the equipment manufactured by the Company with the help of new technology.
2.	CMI Industry Automation Private Limited	Fellow Subsidiary	₹ 30 crores	Sale and purchase of goods and supply of services.
3.	CMI Engineering (Beijing) Co. Ltd.	Fellow Subsidiary	₹ 50 crores	Sale and purchase of goods and supply of services.

The other related information as envisaged under Companies (Meetings of Board and its Powers) Rules, 2014 and amendments thereto are furnished below :

Name of the Related Party	As per table above
Name of the Director or Key Managerial Personnel who is related, if any	Mr. Joao Felix Da Silva, Director of CMI Industry Automation Private Limited and CMI Engineering (Beijing) Co. Ltd., Mr. Yves Honhon, Director of CMI SA and Mr. Fabrice Orban, employee of CMI SA are deemed to be concerned or interested.

Nature of Relationship	As per table above
The nature, material terms, monetary value and particulars of the contract or arrangement	All the above transactions are proposed to be carried out based on the business requirements of the Company and shall be in the ordinary course of business and at arm's length. All the transactions are for sale and purchase of goods and supply of services within CMI Group, details of value and material terms are given in the table above.
Any other information relevant or important for the Members to take a decision on the proposed resolution	None

The above contracts / arrangements / transactions were approved by the Audit Committee at its meeting held on May 29, 2018 and recommended by the Board of Directors on May 30, 2018, to the unrelated Members of the Company for their approval. The Audit Committee will be updated regularly on the status of the contracts *vis-a-vis* approval taken, along with the details of the transactions with respect to each contract, as soon as the same is finalised.

After the approval of the Members, the Company will inform the Members, periodically in due course, about the status of the individual contracts signed by the Company with CMI SA, together with the value and the terms of the contracts.

Pursuant to the omnibus approval accorded by the Members of the Company at the 30th Annual General Meeting held on July 29, 2016 for the value of ₹ 500 crores for material related party transactions with CMI SA, the Company had entered into transactions with CMI SA for ₹ 112.47 crores and ₹ 261.38 crores for the financial year ended March 31, 2017 and March 31, 2018 respectively.

As per Regulation 23 of the Listing Regulations, all entities / persons that are directly / indirectly related parties of the Company shall abstain from voting on the resolution wherein approval of material Related Party Transactions is sought from the Members. Accordingly, all related parties of the Company, including, among others, CMI SA and CMI Industry Automation Private Limited and the Directors and Key Managerial Personnel of the Company will not vote on this resolution.

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

Except Mr. Joao Felix Da Silva, Director of CMI Industry Automation Private Limited and CMI Engineering (Beijing) Co. Ltd., Mr. Yves Honhon, Director of CMI SA and Mr. Fabrice Orban, employee of CMI SA, none of the other Directors or Key Managerial Personnel of the Company or their respective relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 6.

By Order of the Board of Directors
For CMI FPE Limited

Taloja
May 30, 2018

Haresh Vala
Company Secretary

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

Directors' Report

Dear Members,

Your Directors are pleased to present the Thirty Second Annual Report on the business and operations of the Company, together with the audited financial statements for the year ended March 31, 2018.

1. FINANCIAL PERFORMANCE

(₹ in lakhs)

Particulars	Financial Year 2017-2018	Financial Year 2016-2017
Total Income	**32,450.76**	17,190.32
Profit before depreciation and amortisation expense, finance costs and tax expense	**2,008.52**	1,408.00
Less:		
Depreciation and amortisation expense	**592.32**	518.55
Finance costs	**90.99**	103.12
Profit / (Loss) before Tax	**1,325.21**	786.33
Less : Tax expense:		
Current tax	201.63	117.03
Deferred tax	451.58	90.25
Profit / (Loss) for the year	**672.00**	579.05
Other comprehensive income for the year, net of tax	**(90.18)**	(30.59)
Total comprehensive income for the year	**581.82**	548.46

As mandated by the Ministry of Corporate Affairs, the Company has adopted the Ind AS for the financial year commencing from April 1, 2017. The estimates and judgments relating to the financial statements are made on prudent basis, so as to reflect in a true and fair manner, the form and substance of transactions and reasonably present the Company's state of affairs, profits and cash flows for the year ended March 31, 2018.

2. OVERVIEW OF COMPANY'S FINANCIAL PERFORMANCE

Operations

The year under review was the year of positive turnaround for the Company. Your Company has shown a substantial growth in the total revenue by 88.77% to ₹ 32,450.76 lakhs in the year under review as compared to ₹ 17,190.32 lakhs in the previous year. The strategic change in the operations and execution of the projects has resulted in the increase of net profit after tax by 16.05% to ₹ 672 lakhs in the year under review as compared to ₹ 579.05 lakhs in the previous year.

Members are aware that the business environment in India is volatile due to loan-stressed steel making Companies and many major Companies are reeling under the Insolvency and Bankruptcy Code, with potential major takeovers. This has impacted the fresh long term investment in the steel industry in India. However, your Company gained in the international market with the joint efforts of the parent Company, CMI SA, and has bagged some major orders globally - resulting in the highest order book in the history of your Company.

Industrial Infrastructure Development

India was the world's third largest steel producer in 2017. The growth in the Indian steel sector has been driven by domestic availability of raw materials such as iron ore and cost-effective labour. Consequently, the steel sector has been a major contributor to India's manufacturing output.

The Indian steel industry is very modern with state-of-the-art steel mills. It has always strived for continuous modernisation and upgradation of older plants and higher energy efficiency levels.

India is expected to become the second largest steel producer in the world by end of 2018, based on increased capacity addition in anticipation of upcoming demand. The new steel policy, which has been approved by the Union Cabinet in May 2017, is expected to boost India's steel production.

Members are aware that your plant at Taloja is now equipped with improved infrastructure and enhanced capacity to produce high quality equipment at competitive cost. A full-fledged fabrication capability, including the facility to assemble the components like furnaces, has been developed at Hedavali.

Material Changes and Commitments affecting the financial position of the Company

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

3. DIVIDEND

Your Directors are pleased to recommend a final dividend of ₹ 2 per equity share of face value of ₹ 10 each i.e. 20% for the financial year 2017-18. Your Directors are also pleased to recommend a one-time 'Special Dividend' of ₹ 2 per equity share of face value of ₹ 10 each i.e. 20% to mark the completion of ten years of acquisition of the Company by Cockerill Maintenance and Ingenerie SA. Total dividend for the year will be ₹ 4 per equity share of face value of ₹ 10 each. The dividend (final and special), as recommended, if approved by the Members of the Company at the Annual General Meeting will be payable after July 27, 2018. The dividend will be paid in compliance with applicable rules and regulations.

The Company does not propose to transfer any amount to the General Reserve out of the amount available for appropriation.

Transfer of amounts to Investor Education and Protection Fund

During the year under review, pursuant to the provisions of Section 124 of the Companies Act, 2013 and the Companies (Declaration and Payment of Dividend) Rules, 2014, as amended from time to time, the Company has transferred unclaimed dividend amount of ₹ 2,39,910/-, being the outstanding amount of the final dividend for the year ended March 31, 2010 to the Investor Education and Protection Fund. No claim hereafter lies against the Company in respect of this dividend.

4. SHARE CAPITAL

The paid-up equity share capital of the Company as at March 31, 2018 was ₹ 493.78 lakhs. During the year under review, the Company has not issued any shares, with or without differential voting rights. It has neither issued employee stock options nor sweat equity shares. As at March 31, 2018, none of the Directors of the Company holds shares in the Company.

5. DEPOSITS

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

6. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY THE COMPANY

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

7. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The Board has constituted a Corporate Social Responsibility (**"CSR"**) Committee headed by Ms. Roma Balwani. Mr. Yves Honhon and Mr. Raman Madhok, Managing Director are the other members of the Committee. The Company has adopted a CSR policy in compliance with the provisions of the Companies Act, 2013 and Rules made thereunder. The CSR policy, during the year under review, was amended to include the area of Health in the activities identified by the Company. The CSR policy of the Company is available on the Company's website - www.cmifpe.com.

Pursuant to the provisions of Section 135 of the Companies Act, 2013 and the Rules framed thereunder, the average net profits computed as per Section 198 of the Companies Act, 2013 for the three immediately preceding financial years was negative, hence the Company was not required to spend any amount towards CSR activities for the year ended March 31, 2018. However, the Company had spent ₹ 21.07 lakhs on CSR activities during the year under review.

During the year under review, the Company had approved to undertake various CSR Projects in the area of Education, Health and Environment to achieve its social objective. The Company has partnered with agencies of repute and has committed to incur expenditure for CSR initiatives in the coming years through structured programs and projects. These projects and programs are on-going and have a qualitative long term impact on the beneficiaries.

Your Company encourages its employees to participate in the CSR activities to drive a positive change in the society. During the year, the employees of the Company constituted a CSR

Working Committee and participated in various educational, health and environment related programs in local communities around its office and workshops. The CSR Working Committee meets at regular intervals and discusses the social needs of the communities and solutions required to address the same. The Company is taking some time to define and articulate internally generated CSR Projects still better. Until such time, the Company is seeking help from external agencies and incorporating key suggestions of the CSR Working Committee, the Company is satisfied with the progress made in the CSR efforts so far and is confident that the CSR Working Committee will deliver an accelerated level of progress in times to come.

A brief outline of the CSR policy and the initiatives taken by the Company during the year ended March 31, 2018 are furnished in Annexure A to this Report.

8. HUMAN RESOURCES

Personnel

Human Resource Capital and the value it creates form a big part of the Company's growth story. The industry today is changing rapidly with many disruptive business models necessitating a need for human capital to adapt in an agile manner.

Your Company takes pride in its continued focus on employee retention. Your Company believes that its workforce lives its brand.

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

Health and Safety

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

Disclosure as required under Section 22 of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

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

Frequent communication of this Policy is done through various programs and at regular intervals to the employees.

Your Company has set up an Internal Complaints Committee at the registered office and at every location where it operates in India in accordance with the said Act. Workshops and awareness programs are organized for sensitizing the employees with the provisions of the said Act.

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

9. BUSINESS RISK MANAGEMENT

Your Company has a well-defined Risk Management framework in place, which functions at various levels. The Company has a robust organizational structure for managing and reporting on risks which is aligned with the COSO Enterprise Risk Management – Integrating with Strategy and Performance framework (released in September, 2017). In terms of the requirement of the Companies Act, 2013, the Company has developed and implemented the Risk Management Framework; the Risk Management Committee and the Audit Committee of the Board review the same periodically. Your Company has also established procedures to periodically place before the Audit Committee, the risk assessment and minimization procedures being followed by the Company and steps taken by it to mitigate the risks.

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

10. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

The Internal Audit function for the year 2017-18 was entrusted to PricewaterhouseCoopers Private Limited. To maintain objectivity and independence, the Internal Auditors reports to the Audit Committee.

During the year under review, the Risk Management Committee of the Company had reviewed the controls framework with detailed analysis of 10 key processes; no reportable material weakness in the "design of control" or "operating effectiveness" was observed. The Internal Audit team monitors and evaluates the efficacy and adequacy of internal control systems in the Company, on the basis of Standard Operating Procedures, instruction manuals, accounting policy and procedures at all locations of the Company. The results of the "controls testing" were discussed with the Statutory Auditors. The Statutory Auditors have submitted their report on the Internal Financial Controls over Financial Reporting, which is annexed to the Independent Auditors' Report of the Company.

This formalized system of internal control and risk management framework facilitates effective compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**"the Listing Regulations"**), Companies Act, 2013 and relevant statutes applicable to the Company.

11. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Vigil Mechanism as envisaged in the Companies Act, 2013, the Rules prescribed thereunder and the Listing Regulations is implemented through the Company's Whistle Blower Policy to enable the Directors, employees and all stakeholders of the Company to report genuine concerns, to provide for adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the Chairman of the Audit Committee.

The Whistle Blower Policy is available on the website of the Company – www.cmifpe.com. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

12. DIRECTORS & KEY MANAGERIAL PERSONNEL

Changes in the composition of the Board of Directors

As informed in the last year's Annual Report, Mr. Jean Jouet resigned as the Chairman and Director of the Company; in his place, Mr. Joao Felix Da Silva has been appointed as the Chairman and Director of the Company with effect from May 30, 2017.

Apart from the above, there was no other change in the composition of the Board of Directors.

Retirement by rotation

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Company's Articles of Association, Mr. Fabrice Orban retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The Board recommends his re-appointment for the consideration of the Members of the Company at the ensuing Annual General Meeting. Brief profile of Mr. Fabrice Orban has been given in the Notice convening the Annual General Meeting.

Independent Directors

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Companies Act, 2013 and the Listing Regulations.

Performance Evaluation of the Board

Pursuant to the provisions of the Companies Act, 2013 read with the Rules issued thereunder and Regulation 17 of the Listing Regulations, the Board had carried out the annual performance evaluation of its own performance, an evaluation of the working of various Committees, as well as an evaluation of the directors individually.

The criteria for performance evaluation of the Board as a whole, individual Director, Committees of the Board and of the Chairman was in line with the Guidance Note on Board Evaluation issued by SEBI on January 5, 2017.

The evaluation exercise was carried out internally. Feedback was sought by way of a structured questionnaire covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance for evaluation of the performance of Board, Committees of Board and individual Directors. The Board members were able to give qualitative feedback apart from the standard questionnaire.

The reports of feedback received from all Directors on performance evaluation of individual Directors were shared with respective Directors and Chairman of the Nomination and Remuneration Committee. The Committee evaluated the performance of all individual directors based on the feedback so received.

The report of the feedback received from all the Directors on performance evaluation of Board and Committees of Board were shared with the Chairman of the Company. The Board, on the basis of feedback so received, evaluated performance of its own and Committees of Board. The Performance Evaluation of the Chairman of the Company was carried out by the Independent Directors of the Company, taking into account the views of all the Directors including the Executive and Non-Executive Directors.

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

Significant collective insights, learning and action points with respect to the evaluation were presented to the Board. The Board of Directors expressed their satisfaction with the evaluation process and also with the findings.

Key Managerial Personnel

As at March 31, 2018, the following officers were designated as the Key Managerial Personnel (KMP) of the Company in accordance with Section 2(51) and Section 203 of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 :

i)	Mr. Raman Madhok	Managing Director
ii)	Mr. Akash Ohri	Chief Financial Officer
iii)	Mr. Haresh Vala	Company Secretary

There has been no change in the KMPs during the year under review.

Remuneration Policy

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

13. DIRECTORS' RESPONSIBILITY STATEMENT

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

a. in the preparation of the annual financial statements for the year ended March 31, 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

b. such accounting policies as mentioned in the Notes to the financial statements have been selected and applied consistently, and judgments and estimates have been made that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the profit of the Company for the year ended on that date;

c. proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. the annual financial statements have been prepared on a 'going concern' basis;

e. proper internal financial controls have been laid down and are being followed, and that such internal financial controls are adequate and are operating effectively; and

f. proper systems were in place to ensure compliance with the provision of all applicable laws, and these were adequate and operating effectively.

14. MEETINGS & COMMITTEES

Meetings held during the year

During the year under review, 4 (four) Board Meetings and 4 (four) Audit Committee Meetings were convened and held; the details of the meetings held and attendance of Directors at such meetings are provided in the Corporate Governance Report. The intervening gaps between the meetings were within the limits stipulated under the Companies Act, 2013 and the Listing Regulations. The Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

Committees of the Board

Your Company has duly constituted the Committees required under the Companies Act, 2013 read with applicable Rules made thereunder and the Listing Regulations. The Board of Directors has the following Committees :

i. Audit Committee

ii. Stakeholders Relationship Committee

iii. Nomination and Remuneration Committee

iv. Corporate Social Responsibility Committee

v. Risk Management Committee

The details of the composition of the Committees, their terms of reference and attendance at the meetings of the Committee of the Board are set out in the Corporate Governance Report.

15. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the financial year 2017-18, the Company has entered into transactions with related parties as defined under the Companies Act, 2013 and the Listing Regulations, all of which were in the ordinary course of business and on arm's length basis and in accordance with the provisions of the Companies Act, 2013, read with the Rules issued thereunder and the Listing Regulations. Thus a disclosure in Form AOC-2 in terms of Section 134 of the Companies Act, 2013 is not required. Further, there are no material related party transactions during the year under review with the Promoters, Directors or Key Managerial Personnel. All related party transactions are mentioned in the Notes to the financial statements.

None of the related party transactions entered into by the Company were in conflict with the Company's interests. There are no materially significant related party transactions made by the Company with the Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

Member's approval for material Related Party Transactions, as defined under the Listing Regulations is being sought through suitable resolution at the ensuing Annual General Meeting.

All Related Party Transactions are placed before the Audit Committee / Board, as applicable, for their approval. Omnibus approvals are taken for the transactions which are repetitive in nature. A statement of all Related Party Transactions is placed before the Audit Committee for review on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

The Company has adopted a Related Party Transactions Policy. The Policy, as approved by the Board, is uploaded on the Company's website - www.cmifpe.com

None of the Directors has any pecuniary relationships or transactions with the Company except remuneration and sitting fees.

16. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

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

17. AUDITORS

Statutory Auditors

M/s. Deloitte Haskins & Sells (DHS), Chartered Accountants, Mumbai were appointed as the Statutory Auditors of the Company at the 22nd Annual General Meeting (**"AGM"**) of the Company held on September 19, 2008. In terms of the shareholder's resolution passed at the 30th AGM of the Company held on July 29, 2016, M/s. Deloitte Haskins & Sells holds office until the conclusion of the ensuing 32nd AGM and have completed a term of ten years. Their term as the Statutory Auditors of the Company is upto the conclusion of the ensuing Annual General Meeting of the Company.

The Board places on record its appreciation for the services rendered by M/s. Deloitte Haskins & Sells, as the Statutory Auditors of the Company.

Pursuant to the provisions of Section 139 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the Board of Directors of the Company, on the recommendation of the Audit Committee, proposed the appointment of M/s. S R B C & Co. LLP, Chartered Accountants, (ICAI Registration No. 324982E/E300003), as the Statutory Auditors of the Company, to be effective from the conclusion of the ensuing 32nd AGM for a term of five years, till the conclusion of the 37th AGM of the Company to be held in the year 2023. Necessary resolution seeking approval of the members for appointment of M/s. S R B C & Co. LLP as the Statutory Auditors of the Company has been incorporated in the Notice convening the Annual General Meeting, and forming part of this Annual Report. Pursuant to the Companies (Audit and Auditors) Amendment Rules, 2018 effective from May 7, 2018, the requirement of ratification of appointment of the Statutory Auditor at every Annual General Meeting by passing an ordinary resolution has been done away with.

M/s. S R B C & Co. LLP have consented to their appointment as Statutory Auditors and have confirmed that their appointment, if made, will be in accordance with Sections 139 and 141 of the Companies Act, 2013 and they satisfy the criteria provided in Section 141 of the Companies Act, 2013 read with Rule 4(1) of the Companies (Audit and Auditors) Rules, 2014, and that they are not disqualified for appointment.

The Members are requested to consider and approve the appointment of the Statutory Auditors as aforesaid and their remuneration.

The Auditors' Report on the Financial Statements for the financial year 2017-18 is unmodified i.e. it does not contain any qualification, reservation or adverse remark, and the Notes thereto are self-explanatory and do not require any explanations from the Board.

Cost Auditor

In terms of the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, the Board of Directors of the Company, on the recommendation of the Audit Committee, has appointed M/s. Kishore Bhatia & Associates, Cost Accountants (Firm Registration Number 00294) as the Cost Auditor of the Company to conduct the audit of the cost accounting records maintained by the Company for the financial year 2018-19 on a remuneration of ₹ 2.30 lakhs.

As required under the Companies Act, 2013, a resolution seeking member's ratification for the remuneration payable to the Cost Auditor forms part of the Notice convening the Annual General Meeting.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had appointed M/s. VKM & Associates, Practising Company Secretaries, to conduct the Secretarial Audit of the Company for the financial year 2017-18. The Secretarial Auditor's Report is annexed as Annexure B and forms an integral part of this Report.

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

Reporting of frauds by Auditors

During the year under review, the Statutory Auditors, Cost Auditor and the Secretarial Auditor have not reported to the Audit Committee under Section 143(12) of the Companies Act, 2013, any instance of fraud committed in the Company, by its officers or employees, details of which needs to be mentioned in this Report.

18. AWARDS & RECOGNITION

Your Company was conferred 'India's Best Company of the Year Award – 2017' by International Brand Consulting Corporation, USA in the industrial engineering equipment & services category.

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

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

20. CORPORATE GOVERNANCE

As per Regulation 34(3) read with Schedule V of the Listing Regulations, a Report on Corporate Governance together with a certificate from the Statutory Auditors of the Company confirming the compliance with the conditions of Corporate Governance is annexed and forms an integral part of this Report.

21. MANAGEMENT DISCUSSION AND ANALYSIS

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

22. GREEN INITIATIVES

The Company started a sustainability initiative with the aim of going green and minimizing the adverse impact on the environment. Electronic copies of the Annual Reports are being sent to all the members whose email addresses are registered with the Company.

The Company has moved to "digital document platform" for Board and Committee meetings. This has helped the Company to reduce administrative time plus postage and papers for the preparation of the meetings. The Board members have adapted to the new software quickly, and the experience of adopting a nearly all-digital documentation process for Board and Committee meetings keeps getting better.

23. EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as at March 31, 2018 in Form MGT-9 is annexed as Annexure D and forms an integral part of this Report.

24. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

Disclosures with respect to the remuneration of Directors, KMP and employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, is annexed as Annexure E and forms an integral part of this Report.

The information regarding employee remuneration as required pursuant to Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is available for inspection. A statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said Rules will be provided upon request. In terms of first proviso to Section 136 of the Companies Act, 2013, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars, which is available for inspection by the Members at the Registered Office of the Company during the business hours on working days of the Company upto the date of the ensuing Annual General Meeting. Any member interested in obtaining a copy thereof may write to the Company Secretary.

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

25. INSURANCE

The Company has adequately insured itself through various insurance policies to transfer the risks arising from third party or customer claims, damage to property or people, etc.

Directors' & Officer's Liability (D & O) policy covers the Directors and Officers of the Company against the risk of third party claims arising out of their actions / decisions in the normal course of discharge of their duties, which may result in financial loss to any third party.

The employees of the Company are covered under various employee benefit insurance schemes that provide cover for Hospitalization, Accidental Disability and Death.

26. PLANT VISIT

A visit was organized by the Company for the interested shareholders on Friday, September 22, 2017. The shareholders visited the Taloja plant, under the guidance and supervision of the Managing Director. The processes and functions at the Factory were explained by the Plant Head; the visit and the exposure and understanding of the Company's operations, were much appreciated by the shareholders.

During the "question and answer" session with the Managing Director, the shareholders were able to understand more details about the current status of the Company. The shareholders who visited the factory were happy with the working and the improvements being made by the Company. They also appreciated the smooth planning and organization of the factory visit.

ACKNOWLEDGEMENT

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

For and on behalf of the Board

Joao Felix Da Silva
Chairman
DIN : 07662251

Taloja
May 30, 2018

Annexure A

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

1	A brief outline of the Company's CSR Policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs.	The Company undertakes its CSR activities for the development of the society. The developmental interventions focus on Education, Health and Environment. The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 and Rules made thereunder. The CSR Policy provides for carrying out CSR activities in respect of those areas as provided in Schedule VII of the Companies Act, 2013. The CSR policy is placed on the Company's website - www.cmifpe.com.
2	The composition of the CSR Committee	1. Ms. Roma Balwani, Chairperson and Independent Director 2. Mr. Yves Honhon, Non-Executive Director 3. Mr. Raman Madhok, Managing Director
3	Average Net profit of the Company for the last three financial years	Average Net profit of the Company computed as per Section 198 of the Companies Act, 2013 for the three immediately preceding financial years was negative.
4	Prescribed CSR Expenditure (two per cent of the amount as mentioned in item 3 above)	The Company was not required to spend any amount on CSR activities for the year ended March 31, 2018.
5	Details of the CSR spent during the financial year:	

Total Amount spent during the Financial year ended March 31, 2018.	Amount unspent, if any.	Manner in which amount spent during the financial year.
₹ 21.07 lakhs	Not Applicable	The manner in which the amount is spent is detailed below

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR Project or Activity Identified	Sector in which the Project is covered	Projects or Programs a) Local area or others b) Specify the State and district where projects or programs was undertaken	Amount Outlay (budget) Project or programs wise (amt. in ₹)	Amount spent on the projects or programs sub heads: a) Direct Expenditure on Projects or programs b) Overheads	Cumulative Expenditure upto the reporting period	Amount spent Direct or through implementing agency
i.	Health & Nutrition program	Health	In and around Hedavali	14,76,133	14,76,133	14,76,133	14,76,133
ii.	Let's Read Campaign	Education	In and around Taloja, Hedavali and Andheri	4,34,669	4,34,669	4,34,669	4,34,669
iii.	Setting up of playground	Health	Around Taloja	1,75,750	1,75,750	1,75,750	1,75,750
iv.	Infrastructure development	Environment	In and around Hedavali	20,129	20,129	20,129	20,129

6	In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount, in its Board's Report	Not Applicable
7	We, Roma Balwani, Yves Honhon and Raman Madhok, the members of CSR Committee of CMI FPE Limited, confirm that the implementation and monitoring of CSR Policy, is in compliance with the CSR objectives and Policy of the Company.	

For and on behalf of the Corporate Social Responsibility Committee

	Roma Balwani	**Yves Honhon**	**Raman Madhok**
Mumbai,	Chairperson of the Committee	Member	Member
May 29, 2018	(DIN 00112756)	(DIN 02268831)	(DIN 00672492)

Annexure B

FORM No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 09 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
CMI FPE LIMITED
Mehta House, Plot No. 64,
Road No. 13, MIDC,
Andheri (East), Mumbai - 400 093

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India, 1992 (SEBI Act):
   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 – Not applicable as the Company has not issued any shares during the year under review;
   (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - Not applicable as the Company has not issued any shares / options to directors / employees under the said guidelines / regulations during the year under review;
   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not applicable as the Company has not issued any debt securities which were listed during the year under review;
   (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfers Agents) Regulations, 1993;
   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not applicable as the Company has not delisted / propose to delist its equity shares from any Stock Exchange during the year under review;
   (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - Not applicable as the Company has not bought back or propose to buy-back any of its securities during the year under review.

6. Other Laws applicable to the Company:

   i. The Payment of Wages Act, 1936.

   ii. The Minimum Wages Act, 1948.

   iii. The Employee Provident Fund and Miscellaneous Provisions Act, 1952.

   iv. The Payment of Gratuity Act, 1972.

   v. The Bombay Shops and Establishments Act, 1948.

   vi. The Maharashtra Labour Welfare Fund Act, 1953.

   vii. The Environment (Protection) Act, 1986.

   viii. The Maharashtra Pollution and Control Board Circulars and Standing Orders.

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

I. The Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.

II. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

We further report that:-

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review was carried out in compliance with the provisions of the Act.
- Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.
- Decisions at the Board Meetings and Committee Meetings were taken unanimously and are captured and recorded as part of the Minutes of the meetings.

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

For VKM & Associates
Practising Company Secretaries

(Vijay Kumar Mishra)
Partner

Place: Mumbai **FCS No. 5023**
Date: 10th May, 2018 **C P No. 4279**

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

ANNEXURE "A"

To,
The Members,
CMI FPE LIMITED
Mehta House, Plot No. 64,
Road No.13, MIDC,
Andheri (East), Mumbai - 400 093

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

Management's Responsibility

1. It is the Responsibility of Management of the Company to maintain Secretarial records, device proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

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

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

Disclaimer

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

For VKM & Associates
Practising Company Secretaries

(Vijay Kumar Mishra)
Partner
FCS No. 5023
C P No. 4279

Place: Mumbai
Date: 10th May, 2018

Annexure C

Information under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014

A. CONSERVATION OF ENERGY

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

(a) Energy Conservation Measures taken:

- The lights and cooling temperature in the offices / plants have been rationalized.
- The machine works areas, overhead lights in some shop floor areas and newly constructed office and toilers are fitted with LED lights resulting in power consumption saving.
- Monitoring of the lighting system to avoid unwanted lighting power is done on regular basis.
- As a step to save electrical and hydraulic energy, modification of power pack of Wadkin machine was carried out resulting in reduction of electrical consumption from 22 KWH to 3 KWH (about 14% savings).
- Installed LED fittings at newly erected shed at Hedavali.
- Capacitor banks provided at Hedavali, in order to maintain power factor with reference to increase in load due to additional equipment.

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

- Proposal for automatic power factor controller for Hedavali plant.
- Solar energy proposals are being studied for its implementation at Taloja.

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

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

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

	Power and Fuel consumption	2017-2018	2016-2017
i.	**Electricity:**		
a.	Purchased		
	Units (Total) - KWH	**16,97,774**	15,26,312
	Total Amount (₹ in lakhs)	**144.83**	127.03
	Rate / Unit (₹)	**8.53**	8.32
	Consumption per unit of production	**Not Applicable**	Not Applicable
b.	Own generation (DG set)		
	Units (Total) – KWH	**39,154**	25,886
	Total Amount (₹ in lakhs)	**9.38**	6.26
	Rate / Unit (₹)	**23.96**	24.17
	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	**15,415**	**11,226**
	Total Amount (₹ in lakhs)	**9.27**	**6.51**
	Rate / Unit (₹)	**60.15**	**57.97**
	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 (Innovations) carried out by the Company:

- In pursuance of engineering excellence, many projects were undertaken for value engineering with specific focus on design to cost and lean engineering.
- Development of new mandrels to cater for diameter 508 mm and diameter 610 mm which ensure virtually no loss of strip thereby increasing the yield.
- Development of automatic sleeve loading system with single unit for diameter 508 mm and diameter 610 mm. This is applicable both for steel and cardboard sleeve.
- Developed special cobble guards in rolling mills which will ensure minimum maintenance and minimize coolant carry over on strip.

- Developed enhanced safety features for galvanizing lines and color coated line which meet highest European and American standards.
- Developments in plant :
  a. New fixtures for mandrels and coaters to reduce production time.
  b. Special focus on surface finish of the equipment and improvement in welding techniques to enhance aesthetics.
  c. Enhancement of workshop capacity for higher throughput to meet customer needs expeditiously.
  d. Improvements in plant logistics and packaging to cater for higher dispatches.
  e. Implemented lessons from TOC (theory of constraints) in assembly plant, thereby increasing productivity.

2. Benefits derived as a result of above R&D:
   - Optimization of weights and manufacturing process for various equipments with improved technological parameters, performances and cost competitiveness.
   - Safety is of paramount importance and hence the Company has accorded huge focus on safety of operations, processes, machinery and most importantly of human beings as a result of above developments.
3. Future Plan of Action:
   - Introduction of new products and processes.
     a. Reheating Furnace.
   - Ongoing value engineering and development in the existing products and processes in various areas in which the Company is operating.
     a. Manufacture of critical assemblies such as 'air knife' / trimmer – chopper / rotary shears, etc. for worldwide contracts.
4. Expenditure on R&D:
   - Capital : Nil
   - Recurring : Expenses incurred are charged to normal heads and not allocated separately.
   - Total : Not determinable
   - Total R&D expenditure as a percentage of total turnover: Not determinable

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. Efforts in brief, made towards technology absorption, adaptation and innovation:
   - Participating in national / international conferences, seminars and exhibitions.
   - Imparting training to personnel by foreign technicians, mostly from CMI Group, in various manufacturing techniques, manufacturing technologies, latest products / designs and assembly practices.
2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, saving in foreign exchange, etc.

   The above measures helped in offering lean equipments with improved technology and performance and introduction of new products and processes.
3. Information regarding technology imported during the last 5 years:

Technology Imported	Year of Import	Status
Certain Acid Re-generation Plant Technology	2009 - 2010	Absorbed
Certain Color Coating Technology	2009 - 2010	Absorbed
Continuous Annealing Line	2016 - 2017	Work in Progress
Blow Stab Generation 3	2017 - 2018	Work in Progress

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

Activities relating to exports and export plans:

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

Form No. MGT-9

Extract of Annual Return as on the financial year ended March 31, 2018
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i.	CIN	L99999MH1986PLC039921
ii.	Registration Date	May 28, 1986
iii.	Name of the Company	CMI FPE Limited
iv.	Category / Sub-Category of the Company	Company limited by shares / Indian Non-Government Company
v.	Address of the Registered office and contact details	Mehta House, Plot No. 64, Road No. 13, MIDC, Andheri East, Mumbai 400 093 Tel : 022 66762727 Fax : 022 66762737
vi.	Whether listed company	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Bigshare Services Private Limited 1st Floor, Bharat Tin Works Building Opp. Vasant Oasis, Makwana Road Marol, Andheri East, Mumbai 400 059 Tel : 022 62638200 Fax : 022 62638299

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
a) Individual / HUF	–	–	–	–	–	–	–	–	
b) Central Govt.	–	–	–	–	–	–	–	–	
c) State Govt.(s)	–	–	–	–	–	–	–	–	
d) Bodies Corp.	5500	0	5500	0.11	5500	0	5500	0.11	0.00
e) Banks / FI	–	–	–	–	–	–	–	–	
f) Any Other	–	–	–	–	–	–	–	–	
Sub-total (A)(1)	**5500**	**0**	**5500**	**0.11**	**5500**	**0**	**5500**	**0.11**	**0.00**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	
b) Other – Individuals	–	–	–	–	–	–	–	–	
c) Bodies Corp.	3697700	0	3697700	74.89	3697700	0	3697700	74.89	0.00
d) Banks / FI	–	–	–	–	–	–	–	–	
e) Any Other	–	–	–	–	–	–	–	–	
Sub-total (A)(2)	**3697700**	**0**	**3697700**	**74.89**	**3697700**	**0**	**3697700**	**74.89**	**0.00**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**3703200**	**0**	**3703200**	**75.00**	**3703200**	**0**	**3703200**	**75.00**	**0.00**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	200	200	0.00	0	0	0	0.00	0.00
b) Banks / FI	–	–	–	–	–	–	–	–	
c) Central Govt.	0	0	0	0.00	10917	0	10917	0.22	0.22
d) State Govt.(s)	–	–	–	–	–	–	–	–	
e) Venture Capital Funds	–	–	–	–	–	–	–	–	
f) Insurance Companies	–	–	–	–	–	–	–	–	
g) FIIs	100	1250	1350	0.03	100	650	750	0.02	(0.01)
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	
i) Others - Qualified Foreign Investor	–	–	–	–	–	–	–	–	
Sub-total (B)(1)	**100**	**1450**	**1550**	**0.03**	**11017**	**650**	**11667**	**0.24**	**0.20**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	84615	2900	87515	1.77	64373	2300	66673	1.35	(0.42)
ii) Overseas	–	–	–	–	–	–	–	–	
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	520329	53526	573855	11.62	609606	42809	652415	13.21	1.59
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	513369	0	513369	10.39	441582	0	441582	8.94	(1.45)
c) Others (specify)									
Non-Resident Individuals	14312	2200	16512	0.33	15725	1300	17025	0.35	0.02
Clearing Members	41812	0	41812	0.85	45241	0	45241	0.92	0.07
Market Maker	-	-	-	-	10	0	10	0.00	0.00
Sub-total (B)(2)	**1174437**	**58626**	**1233063**	**24.97**	**1176537**	**46409**	**1222946**	**24.77**	**(0.20)**
Total Public Shareholding (B) = (B)(1)+(B)(2)	**1174537**	**60076**	**1234613**	**25.00**	**1187554**	**47059**	**1234613**	**25.00**	**0.00**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	
Grand Total (A+B+C)	**4877737**	**60076**	**4937813**	**100.00**	**4890754**	**47059**	**4937813**	**100.00**	**0.00**

(ii) Shareholding of Promoters

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

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

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	No change during the year				

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

Sl. No.	Name of the shareholder	Shareholding at the beginning and end of the year		Date	Increase / Decrease in shareholding during the year	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the Company				No. of shares	% of total Shares of the Company
1.	Jay Mahendra Shah (HUF)	115193	2.33	No Change			115193	2.33
		As at the end of the year (March 31, 2018)					**115193**	**2.33**
2.	Nishi Tilakraj Mehta	97086	1.97	November 24, 2017	8192	Sell	88894	1.80
				December 1, 2017	10294	Sell	78600	1.59
				December 8, 2017	3970	Sell	74630	1.51
				December 15, 2017	843	Sell	73787	1.49
				December 22, 2017	26668	Sell	47119	0.95
				December 29, 2017	14871	Sell	32248	0.65
				January 5, 2018	4796	Sell	27452	0.56
				January 12, 2018	11457	Sell	15995	0.32
				January 19, 2018	2000	Sell	13995	0.28
		As at the end of the year (March 31, 2018)					**13995**	**0.28**
3.	Jay Mahendra Shah	81444	1.65	No Change			81444	1.65
		As at the end of the year (March 31, 2018)					**81444**	**1.65**

Sl. No.	Name of the shareholder	Shareholding at the beginning and end of the year		Date	Increase / Decrease in shareholding during the year	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the Company				No. of shares	% of total Shares of the Company
4.	Datta Mahendra Shah	69108	1.40	No Change			69108	1.40
		As at the end of the year (March 31, 2018)					**69108**	**1.40**
5.	Anand Mahendra Shah (HUF)	48966	0.99	No Change			48966	0.99
		As at the end of the year (March 31, 2018)					**48966**	**0.99**
6.	Suchita Anand Shah	48302	0.98	No Change			81444	1.65
		As at the end of the year (March 31, 2018)					**81444**	**1.65**
7.	Metwork Consultants Private Limited	41250	0.84	November 3, 2017	80	Sell	41170	0.83
				November 10, 2017	1578	Sell	39592	0.80
				November 17, 2017	39592	Sell	0	0.00
		As at the end of the year (March 31, 2018)					**0**	**0.00**
8.	Mahendra H. Shah (HUF)	38258	0.77	No Change			38258	0.77
		As at the end of the year (March 31, 2018)					**38258**	**0.77**
9.	ISE Securities & Services Limited Collateral Account	38234	0.77	No Change			38234	0.77
		As at the end of the year (March 31, 2018)					**38234**	**0.77**
10.	Jay Anand Stock Broking (P) Ltd.	17623	0.36	No Change			17623	0.36
		As at the end of the year (March 31, 2018)					**17623**	**0.36**
11.	Anand Mahendra Shah	15012	0.30	No Change			15012	0.30
		As at the end of the year (March 31, 2018)					**15012**	**0.30**

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the directors and KMP	Shareholding		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	Mr. Joao Felix Da Silva – Chairman (appointed w.e.f. May 30, 2017)				
	At the beginning of the year	Nil	0.00	Nil	0.00
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (*e.g.* allotment / transfer / bonus / sweat equity, etc.)	No change			
	At the end of the year	Nil	0.00	Nil	0.00
2.	Mr. Yves Honhon - Non Executive Director				
	At the beginning of the year	Nil	0.00	Nil	0.00
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (*e.g.* allotment / transfer / bonus / sweat equity, etc.)	No change			
	At the end of the year	Nil	0.00	Nil	0.00
3.	Mr. Fabrice Orban - Non Executive Director				
	At the beginning of the year	Nil	0.00	Nil	0.00
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (*e.g.* allotment / transfer / bonus / sweat equity, etc.)	No change			
	At the end of the year	Nil	0.00	Nil	0.00

Sl. No.	For each of the directors and KMP	Shareholding		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
4.	Mr. Raman Madhok – Managing Director				
	At the beginning of the year	Nil	0.00	Nil	0.00
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (*e.g.* allotment / transfer / bonus / sweat equity, etc.)	No change			
	At the end of the year	Nil	0.00	Nil	0.00
5.	Mr. D. J. Balaji Rao – Independent Director				
	At the beginning of the year	Nil	0.00	Nil	0.00
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (*e.g.* allotment / transfer / bonus / sweat equity, etc.)	No change			
	At the end of the year	Nil	0.00	Nil	0.00
6.	Mr. Raman M. Madhok – Independent Director				
	At the beginning of the year	Nil	0.00	Nil	0.00
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (*e.g.* allotment / transfer / bonus / sweat equity, etc.)	No change			
	At the end of the year	Nil	0.00	Nil	0.00
7.	Mr. N. Sundararajan – Independent Director				
	At the beginning of the year	Nil	0.00	Nil	0.00
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (*e.g.* allotment / transfer / bonus / sweat equity, etc.)	No change			
	At the end of the year	Nil	0.00	Nil	0.00
8.	Ms. Roma Balwani – Independent Director				
	At the beginning of the year	Nil	0.00	Nil	0.00
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (*e.g.* allotment / transfer / bonus / sweat equity, etc.)	No change			
	At the end of the year	Nil	0.00	Nil	0.00
9.	Mr. Akash Ohri – Chief Financial Officer				
	At the beginning of the year	Nil	0.00	Nil	0.00
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (*e.g.* allotment / transfer / bonus / sweat equity, etc.)	No change			
	At the end of the year	Nil	0.00	Nil	0.00
10.	Mr. Haresh Vala – Company Secretary				
	At the beginning of the year	Nil	0.00	Nil	0.00
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity, etc.)	No change			
	At the end of the year	Nil	0.00	Nil	0.00

During the year, Mr. Jean Jouet, Chairman resigned as the Director of the Company w.e.f. May 30, 2017 and he was not holding any shares in the Company.

V. INDEBTEDNESS

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

(₹ in lakhs)

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in lakhs)

Sl. No.	Particulars of Remuneration	Name of Managing Director Mr. Raman Madhok	Total Amount
1.	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	432.26	432.26
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	36.66	36.66
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission	–	–
	– as % of profit	–	–
	– others, specify…		
5.	Others	32.40	32.40
	Total (A)	**501.32**	**501.32**
	Ceiling as per the Act	Not Applicable	Not Applicable

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

B. REMUNERATION TO OTHER DIRECTORS:

(₹ in lakhs)

Sl. No.	Particulars of Remuneration	Name of Director				Total Amount
1.	**Independent Directors**	**Mr. D. J. Balaji Rao**	**Mr. Raman M. Madhok**	**Mr. N. Sundararajan**	**Ms. Roma Balwani**	
	Fee for attending board / committee meetings	9.20	5.70	9.50	6.50	30.90
	Commission	3.00	3.00	3.00	3.00	12.00
	Others, please specify	Nil	Nil	Nil	Nil	Nil
	Total (1)	**12.20**	**8.70**	**12.50**	**9.50**	**42.90**
2.	**Other Non-Executive Directors**					
	Fee for attending board / committee meetings	Nil	Nil	Nil	Nil	Nil
	Commission	Nil	Nil	Nil	Nil	Nil
	Others, please specify	Nil	Nil	Nil	Nil	Nil
	Total (2)	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
	Total (B)=(1+2)	**12.20**	**8.70**	**12.50**	**9.50**	**42.90**

Commission approved for the year 2017-18 and payable in 2018-19 is within the ceiling limits under the Companies Act, 2013

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

(₹ in lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Chief Financial Officer (Mr. Akash Ohri)	Company Secretary (Mr. Haresh Vala)	
1.	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	48.53	23.35	71.88
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	1.23	0.83	2.06
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission			
	- as % of profit	–	–	–
	- others, specify…	–	–	–
5.	Others, please specify	–	–	–
	Total	**49.76**	**24.18**	**73.94**

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES :

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

Annexure E

Disclosure of Remuneration under Section 197(12) of the Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sr. No.	Requirement	Information	Ratio
(i)	The ratio of the remuneration of Executive Director to the median remuneration of the employees of the Company for the financial year.	Director	
		Mr. Raman Madhok, Managing Director	84 : 1
(ii)	The percentage increase in remuneration of Executive Director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the financial year.	Executive Director	
		Mr. Raman Madhok, Managing Director	10.62%
		Mr. Akash Ohri, Chief Financial Officer	9.51%
		Mr. Haresh Vala, Company Secretary	6.00%

Note :

1. The Independent Directors are entitled for sitting fees and commission as per the statutory provisions and within the limits approved by the shareholders. As a policy, the Non-Executive Non Independent Directors are neither paid sitting fees nor paid any commission. The details of remuneration of Non-Executive Directors are provided in the Corporate Governance Report. The ratio of remuneration and percentage increase for Non-Executive Directors remuneration is therefore not considered for the above purpose.
2. The percentage of increase in remuneration is effective from April 1 of every year.

Sr. No.	Requirement	Information	Ratio
(iii)	The percentage increase in the median remuneration of employees in the financial year.	5.99%	
(iv)	The number of permanent employees on the rolls of the Company as on March 31, 2018.	490 Employees	
(v)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	The average percentage increase in the salaries of employees other than the managerial personnel in the last financial year was 5.96% while the increase in remuneration of managerial personnel was 10.62%. The salary increases during this year reflects the Company's reward philosophy as well as the results of the benchmarking exercise.	
(vi)	Affirmation that the remuneration is as per the remuneration policy of the Company.	Affirmed	

Corporate Governance Report

Company's Philosophy on Corporate Governance

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

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

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

Corporate Safety Policy

The CMI Group firmly believes that safety of its employees and all the stakeholders associated with our project sites and manufacturing facilities is of utmost importance. Safety is an essential and integral part of all our work activities. Your Company achieved 1772 and 1451 continuous accident free days at its workshops situated at Taloja and Hedavali respectively.

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

I. BOARD OF DIRECTORS

(i) Composition of the Board

The Board of Directors ("**Board**") is entrusted with the ultimate responsibility of the management, directions and performance of the Company. As its primary role is fiduciary in nature, the Board provides leadership, strategic guidance, objective and independent view to the Company's management while discharging its responsibilities, thus ensuring that the management adheres to ethics, transparency and disclosures.

The Board of the Company is broad-based and consists of eminent individuals from industrial, managerial, technical, financial and marketing background. The Company is managed by the Board of Directors in co-ordination with the Senior Management team. The Directors take active part at the Board and Committee Meetings by providing valuable guidance to the Management on various aspects of business, policy direction, governance, compliance, etc. and play critical role on strategic issues, enhancing transparency and adding value to the decision-making process of the Board.

The composition of the Board represents an optimum combination of professionalism, knowledge and experience and is in conformity with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"). The Board of the Company as on March 31, 2018 comprises of eight directors. Out of these, seven Directors are Non-Executive and four amongst them are Independent 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 Managing Director has overall operational control and responsibility for the day-to-day working of the Company. He follows strategic directions given by the Board, lays down policy and operating guidelines and ensures implementation of the decisions of the Board and its various Committees.

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

INDEPENDENT DIRECTORS

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

Independent Directors are Non-Executive Directors as defined under Regulation 16(1)(b) of the Listing Regulations. The maximum tenure of the Independent Directors is in compliance with the Companies Act, 2013. All the Independent Directors have confirmed that they meet the criteria as mentioned under the Listing Regulations and Section 149 of the Companies Act, 2013. All such declarations are placed before the Board. Further, pursuant to Section 164(2) of Companies Act, 2013, all the Directors have provided declarations annually in Form DIR-8 that they have not been disqualified to act as Director. No Director is related to any other Director on the Board in terms of the definition of 'relative' given under the Companies Act, 2013.

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

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

Induction Programme for new Directors and ongoing Familarisation Programme for existing Directors

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

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

The Company's Chief Operating Officer and Senior Management Personnel make presentations regularly to the Board, Audit Committee or such other Committees, as may be required, covering, *inter alia*, the business strategies, operations review, quarterly and annual results, budgets, review of Internal Audit Report and Action Taken Report, statutory compliances, risk management, etc.

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

This enables the Directors to get a deeper insight into the operations of the Company and also provides an opportunity to the Independent Directors to understand the Company's policies, long term vision and strategy, business model, operations and such other areas as are relevant from time to time.

As required under Regulation 16 of the Listing Regulations, the details of familiarisation program has been hosted on the website of the Company at https://cmifpe.com/financialreport.aspx?Subcat=FamiliarisationProgram&InvestorType=Corporate Governance.

The information on composition of the Board, category and their Directorship(s) / Committee Membership(s) across all the Companies in which they are Directors, as on March 31, 2018 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 Jouet %	Promoter Group (Chairman)	N.A.	N.A.	N.A.
Mr. Joao Felix Da Silva %	Promoter Group (Chairman)	1	-	-
Mr. Yves Honhon	Promoter Group	1	1	-
Mr. Fabrice Orban	Promoter Group	1	-	-
Mr. D. J. Balaji Rao	Independent	6	4	3
Mr. Raman M. Madhok	Independent	2	1	2
Mr. N. Sundararajan	Independent	2	1	1
Ms. Roma Balwani	Independent Woman	1	1	-
	Executive			
Mr. Raman Madhok	Non-Independent (Managing Director)	1	1	-

% –Mr. Jean Jouet resigned as the Chairman and Director w.e.f. May 30, 2017.

–Mr. Joao Felix Da Silva appointed as an Additional Director and also as Chairman w.e.f. May 30, 2017. His appointment was confirmed by the members at the Annual General Meeting held on July 28, 2017.

Directorship excludes private limited companies, foreign companies, companies registered under Section 8 of the Companies Act, 2013 and Government bodies.

Chairmanship / Membership of Committees only include Audit Committee and Stakeholders Relationship Committee of Indian Public Companies.

(ii) Board Procedure

The Board holds at least four Board Meetings in a year, one in each quarter, *inter alia*, to review the financial results of the Company. The gap between any two Board Meetings does not exceed one hundred and twenty days. The Company adheres to the revised Secretarial Standards on the Board and Committee meetings as prescribed by the Institute of Company Secretaries of India. The yearly calendar is finalised before the beginning of the year.

A detailed agenda, setting out the business to be transacted at the Meeting(s), supported by detailed notes is sent to each Director at least seven days prior to the date of the Board Meeting(s) and of the Committee Meeting(s). All the agenda items are backed by comprehensive background information and documents (except for the critical price sensitive information, which is circulated separately or placed at the meeting) to enable the Board to arrive at appropriate decisions. The information as required under Regulation 17 read with Part A of Schedule II of the Listing Regulations is made available to the Board. The Managing Director apprises the Board at every Meeting of the overall performance of the Company, followed by presentations by the Chief Operating Officer and the Chief Financial Officer and, as and when necessary, by the other heads of departments.

The Board also *inter alia* reviews strategy and business plans, annual operating and capital expenditure budget(s), compliance report(s) of all applicable laws, review of major legal issues, adoption of quarterly / half yearly / annual results, major accounting provisions and write-offs, minutes of the meetings of Committees of the Board, safety and risk management, remuneration of Key Managerial Personnel and information on recruitment of Senior Officers just below the Board level.

The Board sets annual performance objectives, oversees the actions and results of the management, evaluates its own performance,

performance of its Committees and individual Directors on an annual basis and monitors the effectiveness of the Company's governance practices for enhancing the stakeholders' value.

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

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

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

With a view to leverage technology and to reduce paper consumption, the Company has adopted a web-based application for transmitting Board / Committee Agenda and Minutes. The Directors of the Company receive the Agenda in electronic form through this application. The application meets high standards of security and integrity that is required for storage and transmission of Board / Committee Agenda and Minutes in electronic form.

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

The Board of Directors met four times during the financial year ended on March 31, 2018 on the following dates – May 30, 2017, July 27, 2017, November 11, 2017 and February 9, 2018. These Meetings were well attended. The Thirty First Annual General Meeting (AGM) of the Company was held on July 28, 2017.

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

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

(iv) Director seeking re-appointment

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

Brief resume of Mr. Fabrice Orban have been given in the Notice convening the AGM.

(v) Meeting of Independent Directors

All the four Independent Directors of the Company met on February 9, 2018 without the presence of the Executive Director, other Non-Independent Directors or any other member of management.

The meeting was conducted in an informal and flexible manner to enable the Independent Directors to, *inter alia*, discuss matters pertaining to review of performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairman of the Company (taking into account the views of the Executive and Non-Executive Directors) and assess the quality, quantity and timeliness of flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

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

(vi) CEO / CFO Certification

As required under Regulation 17(8) of the Listing Regulations, the Managing Director and the Chief Financial Officer of the Company have certified to the Board that the financial statements for the year ended March 31, 2018 do not contain any materially untrue statement and that these statements represent a true and fair view of the Company's affairs and other matters as specified thereunder.

(vii) Code of Conduct

The Company has adopted a Code of Conduct ("**Code**") for the Board Members and Senior Management Personnel of the Company. The Code aims at ensuring consistent standards of conduct and ethical business practices across the Company. This Code has also been posted on the Company's website - www.cmifpe.com

The Code requires Board Members and Employees to act honestly, fairly, ethically and with integrity, conduct themselves in professional, courteous and respectful manner.

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 placed at the end of this Report.

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

II. REMUNERATION TO DIRECTORS

(i) Remuneration Policy

While deciding on the remuneration for Directors, the Board and the Nomination and Remuneration Committee ("**NRC**") considers 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 / NRC takes into account the market trends in terms of compensation levels and practices in comparable industries / organizations.

(ii) Remuneration to Non-Executive Directors for the year ended March 31, 2018

The Non-Executive Directors are entitled for commission as approved by the shareholders at the Annual General Meeting held on July 31, 2015. However, no commission has been paid to the Non-Executive Directors during the last three years (from the financial year ended March 31, 2015 till the financial year ended March 31, 2017). The Non-Executive Directors are paid remuneration by way of sitting fees for each meeting of the Board or Committees of Directors attended by them and profit related Commission based on the criteria laid down by the NRC and the Board. During the year, the Non-Executive Directors had no pecuniary relationship or transactions with the Company, other than sitting fees, commission and reimbursement of expenses incurred by them for the purpose of attending meetings of the Company.

Details of remuneration to Non-Executive Directors during the year ended March 31, 2018 are as under:

Directors	Commission # (₹ in lakhs)	Sitting Fee paid (₹ in lakhs)
Mr. Joao Felix Da Silva*	Nil	Nil
Mr. Yves Honhon *	Nil	Nil
Mr. Fabrice Orban*	Nil	Nil
Mr. D. J. Balaji Rao	3.00	9.20
Mr. Raman M. Madhok	3.00	5.70
Mr. N. Sundararajan	3.00	9.50
Ms. Roma Balwani	3.00	6.50

* Mr. Joao Felix Da Silva, Mr. Yves Honhon and Mr. Fabrice Orban have voluntarily waived their entitlement to sitting fees.

Commission is within the limits specified under Section 197 of the Companies Act, 2013 and will be paid after the financial statements are approved by the members at the Annual General Meeting scheduled to be held on July 27, 2018.

None of the Directors holds any shares of the Company as at March 31, 2018.

(iii) Remuneration paid / payable to Managing Director for the year ended March 31, 2018

The appointment and remuneration of the Managing Director is governed by the recommendation of the NRC, resolutions passed by the Board and members of the Company. The remuneration package of the Managing Director comprises of salary, perquisites and allowances and contributions to Provident Fund as approved by the members. Annual increments are linked to performance and are decided by the NRC and recommended to the Board for approval thereof.

The remuneration paid / payable to the Managing Director for the year ended March 31, 2018 is as under:

Name of Managing Director / Executive Director	(₹ in lakhs)					Total Contract Period	Notice period in months
	Salary	Performance incentive	Company's Contribution to Funds	Perquisites and allowances	Total		
Mr. Raman Madhok	432.26	--	32.40	36.66	501.32	October 9, 2016 to October 8, 2019	6

Notes:

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

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

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

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

The terms and conditions of appointment and remuneration of Managing Director may be varied, altered, increased, enhanced or widened from time to time by the Board, as deemed fit.

III. RISK MANAGEMENT

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

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

IV. COMMITTEES OF THE BOARD

The Board has constituted Board Committees to deal with specific areas and activities which concern the Company and requires a closer review. The Committees are formed with approval of the Board and function under their respective charters. These Committees play an important role in the overall management of day-to-day affairs and governance of the Company. The Committees meet at regular intervals and take necessary steps to perform its duties entrusted by the Board. The minutes of the Committee meetings are placed before the Board for noting.

(i) Audit Committee

Composition of the Committee, Meetings and attendance:

The Audit Committee is entrusted with the responsibility to supervise the Company's internal controls and financial reporting process. The Audit Committee functions in accordance with its terms of reference that defines its authority, responsibility and reporting function.

The composition, quorum, powers, role and scope are in accordance with Section 177 of the Companies Act, 2013 and the provisions of Regulation 18 of the Listing Regulations. The Audit Committee of the Company comprises of Non-Executive Directors with majority of them, including the Chairman, being Independent Directors. All the Members of the Committee possess accounting and financial management knowledge.

The Chairman of Audit Committee, Mr. D. J. Balaji Rao was present at the Thirty First Annual General Meeting of the Company held on July 28, 2017.

The Company Secretary is the Secretary to the Committee.

The meetings of the Audit Committee are attended by the Chairman, Managing Director, Chief Operating Officer, Chief Financial Officer, the Company Secretary, the Statutory Auditors and the Internal Auditors. The other Directors are also invited to attend the meetings.

During the year ended March 31, 2018, the Committee held four meetings on the following dates - May 29, 2017, July 27, 2017, November 11, 2017 and February 8, 2018. The gap between any two Meetings did not exceed one hundred and twenty days.

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

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

Terms of Reference:

The terms of reference of the Audit Committee are wide and in line with the regulatory requirements mandated by the Companies Act, 2013 and Part C of Schedule II of the Listing Regulations. The Committee acts as a link between the Statutory Auditors, Internal Auditors and the Board of Directors of the Company. It is authorized to review reports of the Statutory and Internal Auditors and discuss their findings, suggestions and other related matters and monitor and review the Auditor's performance, effectiveness of the audit process, oversight of the financial reporting, review with the management the quarterly and annual financial statements before submission to the Board for approval, grant omnibus approval for related party transactions subject to fulfillment of certain conditions, approval of transactions with related parties, review the risk assessment and minimization procedures, evaluate internal financial controls and risk management systems, etc.

Further, the Committee is also empowered to recommend to the Board the terms of appointment and remuneration of Cost Auditor and Internal Auditors.

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

Financial Reporting and Related Processes

(i) Oversight of the Company's financial reporting process and financial information submitted to the Stock Exchange, regulatory authorities or the public.

(ii) Reviewing with the Management (a) the quarterly unaudited financial statements and the Auditors' Limited Review Report thereon (b) audited annual financial statements and Auditors' Report thereon before submission to the Board for approval. This would, *inter alia*, include reviewing changes in the accounting policies, if any, and reasons for the same. Major accounting estimates based on exercise of judgment by the Management, significant adjustments made in the financial statements and / or recommendation, if any, made by the Statutory Auditors in this regard.

(iii) Review the Management Discussion and Analysis of the financial and operational performance.

(iv) Discuss with the Statutory Auditors its judgment about the quality and appropriateness of the Company's accounting principles.

Internal Financial Controls and Governance Processes

(i) Review the adequacy and effectiveness of the Company's financial systems and internal controls.

(ii) Review and discuss with the Management the Company's major risk exposures and steps taken by the Management to monitor and mitigate such exposure.

Audit

(i) Review the scope of the Statutory Auditor and Internal Auditor, the annual audit plan and the Internal Audit Plan with a view to ensure adequate coverage.

(ii) Review the significant audit findings from the statutory and internal audits carried out, the recommendations and Management's response thereto.

(iii) Review and recommend to the Board the appointment / re-appointment of the Statutory Auditors, Internal Auditors and Cost Auditors considering their independence and effectiveness and their replacement and removal.

(iv) Approve such additional services to be rendered by the Statutory Auditors except those enumerated in Section 144 of the Companies Act, 2013 and payment for such services.

(v) Recommend to the Board the remuneration payable to the Statutory Auditors / Internal Auditors / Cost Auditors.

(vi) Discussion with the Statutory Auditors / Internal Auditors on significant difficulties, if any, encountered during the course of the Audit.

(vii) Reviewing the annual Cost Audit Report submitted by the Cost Auditor.

(ii) Nomination and Remuneration Committee

Composition of the Committee, Meeting and attendance:

The Nomination and Remuneration Committee comprises of four Directors. Mr. Raman M. Madhok, Independent Director is the Chairman of the Committee. The other members are Mr. Joao Felix Da Silva, Mr. Yves Honhon and Mr. D. J. Balaji Rao. The composition of the Nomination and Remuneration Committee is in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations. One-half of the Members of the Committee are Non-Executive Independent Directors. The Committee was reconstituted on May 30, 2017 by appointing Mr. Joao Felix Da Silva as a member of the Committee in place of Mr. Jean Jouet, who resigned from that date.

During the year under review, one meeting of the Committee was held on May 29, 2017.

The attendance of the members of the Committee at the above meeting is as under:

Name	No. of meetings	
	Held	Attended
Mr. Raman M. Madhok	1	1
Mr. Jean Jouet *	1	1
Mr. Yves Honhon	1	1
Mr. D. J. Balaji Rao	1	1

* Mr. Jean Jouet resigned as a Director w.e.f. May 30, 2017 and Mr. Joao Felix Da Silva was appointed as a member of the Committee w.e.f. May 30, 2017 in his place.

Terms of reference:

The broad terms of reference of the Nomination and Remuneration Committee, as approved by the Board, are in compliance with Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations, which are as follows :

(i) Reviewing the overall compensation policy, service agreements and other employment conditions of Executive Director and Senior Management (one level below the Board of Directors);

(ii) Formulation of criteria for determining qualifications, positive attributes and independence of a director;

(iii) Recommend to the Board the appointment / re-appointment and removal of Directors;

(iv) Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;

(v) Provide necessary report to the Chairman after the evaluation process is completed by the Directors;

(vi) Devising a policy on diversity of Board of Directors; and

(vii) Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance of evaluation of Independent Directors.

The remuneration of the Managing Director is arrived after taking into account the Company's overall performance, his contribution for the same and trends in the industry in general, in a manner which will ensure and support a high performance culture. The Committee reviews the performance of the Managing Director and recommends to the Board the quantum of performance incentives, annual increments / commissions.

Performance evaluation criteria

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of the Listing Regulations, the Board had carried out the annual evaluation of its own performance, its Committees and Directors individually.

Feedback was sought from each Director by way of structured questionnaires covering various aspects such as knowledge, diligence, participation in meetings, leadership, independence of judgment, etc. and performance evaluation is carried out based on the responses received from the Directors.

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

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

The Board and the Nomination and Remuneration Committee reviewed the performance of the individual directors on the basis of the criteria approved by the Board. The Directors expressed their satisfaction with the evaluation process.

In a separate meeting of Independent Directors held on February 9, 2018, performance of Non-independent Directors, performance of the Board as a whole and performance of the Chairman were evaluated.

(iii) Stakeholders Relationship Committee

The Stakeholders Relationship Committee is constituted in compliance with Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations. The Committee is responsible for resolving investor's complaints pertaining to share transfers, non-receipt of annual reports, dividend payments, issue of duplicate share certificates, transmission of shares and other shareholder related queries, complaints, etc.

The Committee presently comprises of three Directors. Mr. Raman M. Madhok, Independent Director is the Chairman of the Committee. Ms. Roma Balwani, Director and Mr. Raman Madhok, Managing Director of the Company are the other members. All the members of the Committee had attended the Annual General Meeting held on July 28, 2017.

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

The Committee meets as and when required, to *inter alia* deal with matters relating to transfer of shares, request for issue of duplicate share certificates and monitors redressal of the grievances of the security holders. With a view to expediting the process of share transfers, necessary authorization has been delegated to the Share Transfer Committee to approve the transfers / transmission of shares. The Share Transfer Committee meets on a fortnightly basis to attend to the share transfer formalities.

During the year under review, the Stakeholders Relationship Committee met once on November 11, 2017. All the members were present at the meeting.

During the year under review, four complaints were received from the Shareholders, and all of them have been attended / resolved to the satisfaction of the Shareholders. As on date, there are no pending share transfers or complaints.

The Secretarial Department of the Company and the Registrar and Share Transfer Agent, Bigshare Services Private Limited attend to all the grievances of the shareholders received directly or through SEBI, Stock Exchange, Ministry of Corporate Affairs, Registrar of Companies, etc. Continuous efforts are made to ensure that grievances are more expeditiously redressed to the complete satisfaction of the investors. Shareholders are requested to furnish their updated telephone numbers and e-mail addresses to facilitate prompt action.

(iv) Corporate Social Responsibility Committee

The Corporate Social Responsibility ("**CSR**") Committee of the Company comprises of three Directors. Ms. Roma Balwani, Independent Director is the Chairperson of the Committee. The other members of the CSR Committee include Mr. Yves Honhon and Mr. Raman Madhok. The composition of the CSR Committee is in accordance with the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The Company has formulated CSR policy, which is uploaded on the website of the Company viz. www.cmifpe.com

The Company was not required to spend any amount on CSR activities for the year ended March 31, 2018. However, the Company had spent ₹ 21.07 lakhs on CSR activities during the year. The details of CSR initiatives undertaken by the Company are provided in the CSR Report annexed to the Directors' Report.

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

(a) to review the existing CSR Policy and to make it more comprehensive so as to indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;

(b) to provide guidance on various CSR activities to be undertaken by the Company; and

(c) to monitor the CSR policy and related activities from time to time.

The Committee met thrice during the year on May 29, 2017, November 11, 2017 and February 7, 2018. The meetings were attended by all the members of the Committee.

(v) Risk Management Committee

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

The Risk Management Committee is constituted to identify potential business and operational risks, lay down the procedures to review the risk assessment and minimization procedures and is responsible for framing, implementing and monitoring the risk management plan of the Company.

The terms of reference of the Committee are to :

a) review the framework of key processes

b) risk identification and assessment

c) review and monitoring of risk mitigation plans

During the year under review, the Committee met twice on October 25, 2017 and November 11, 2017. All the members of the Committee attended both the meetings.

(vi) Borrowings Committee

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

(vii) Banking Operations Committee

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

V. DISCLOSURES

(i) Disclosure of transactions with Related Parties

All transactions entered into with the related parties as defined under the Companies Act, 2013 and Regulation 23 of the Listing Regulations during the financial year were in the ordinary course of business and on arm’s length basis. There were no materially significant transactions with related parties during the financial year. The Company has obtained the approval of shareholders passed at the Thirtieth Annual General Meeting of the Company held on July 29, 2016 for the transactions to be entered into with CMI SA, (Holding Company) and with CMI Industry Automation Private Limited, (Fellow Subsidiary), being related parties, (and also Promoter and Promoter Group of the Company), upto ₹ 500 crores and ₹ 25 crores respectively.

The Audit Committee has also granted omnibus approval for related party transactions of repetitive nature. A statement in summary form of all the transactions with related parties entered into by the Company is periodically placed before the Audit Committee for review and recommendation to the Board for their approval.

Related party transactions have been disclosed under Note 33 of significant accounting policies and Notes forming part of the Financial Statements in accordance with “Ind AS”.

As required under Regulation 23(1) of the Listing Regulations, the Company has formulated a policy on dealing with related party transactions. The policy is available on the website of the Company and can be accessed through the following link : http://cmifpe.com/financialreport.aspx?Subcat=RPT Policy as per LODR&InvestorType=Policies.

None of the transactions with related parties were in the conflict with the interests of the Company. All the transactions are in the ordinary course of business and have no potential conflict with the interests of the Company at large and are carried out on arm’s length or fair value basis.

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

During the financial year ended March 31, 2018, there were no materially significant related party transactions or arrangements entered into (exceeding 10% of the annual turnover of the Company) by the Company with its Directors, Key Managerial Personnel or any other designated persons which may have a potential conflict with the interests of the Company at large.

(iii) Whistle Blower Policy

Pursuant to Section 177(9) and (10) of the Companies Act, 2013 and Regulation 22 of the Listing Regulations, the Company has formulated a Whistle Blower Policy for vigil mechanism of Directors and employees to report to the management about the unethical behavior, fraud or violation of the Company's Code of Conduct. The mechanism provides for adequate safeguards against victimization of director(s) or employee(s) or any other person who use such mechanism, and makes provisions for direct access to the Chairman of the Audit Committee in exceptional cases. None of the personnel of the Company has been denied access to the Audit Committee for making complaint on any integrity issue. The Whistle Blower policy is displayed on the Company's website viz. www.cmifpe.com

(iv) Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets during last three financial years

The Company has complied with all the requirements specified under the Listing Regulations as well as other regulations and guidelines of SEBI. Consequently, there were no strictures or penalty imposed on the Company by either the Stock Exchange or Securities and Exchange Board of India or any statutory authority for non-compliance of any matter related to the capital markets during the last three financial years.

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

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

These are the Company's first Ind AS financial statements. The significant accounting policies which are consistently applied are set out in the Notes to the financial statements.

(vi) Code for Prevention of Insider Trading Practices

The Company has formulated and adopted the 'Code of Conduct for Prevention of Insider Trading', for its Directors and designated employees, in compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015. 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 cautions them of the consequences of violations. The trading window is closed before and during the time of declaration of results and occurrence of any material events as per the Code. The Company Secretary is the Compliance Officer for this purpose. All Directors and designated employees have affirmed compliance with the Code.

(vii) Management Discussion and Analysis

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

(viii) Compliances with Governance framework

The Company has complied with all mandatory requirements of the Listing Regulations relating to Corporate Governance. Adoption of non-mandatory requirements of the Listing Regulations is being reviewed by the Board from time to time.

VI. MEANS OF COMMUNICATION

The Company, from time to time and as may be required, communicates with its stakeholders and investors through multiple channels of communications such as dissemination of information on the website of the Stock Exchange, Press Release, the Annual Reports and uploading relevant information on its website.

The quarterly, half yearly and annual results are published in Business Standard and Sakal which are national and local dailies respectively.

The unaudited quarterly results are announced within forty five days of the close of each quarter, except the last quarter. The audited annual results are announced within sixty days from the end of the financial year as required under the Listing Regulations. The aforesaid financial results are announced to the Stock Exchange within the statutory time period from the conclusion of the Board Meeting(s) at which these were considered and approved. The Company's results and official news releases are simultaneously posted 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.

A separate dedicated section under "Investors Relation", on the Company's website gives information on unclaimed dividends, shareholding pattern, quarterly / half yearly results and other relevant information of interest to the investors / public.

The Company discloses to the Stock Exchange, all information required to be disclosed under Regulation 30 read with Part A and Part B of Schedule III of the Listing Regulations, including material information having a bearing on the performance / operations of the Company and other price sensitive information. All information is filed electronically on BSE's online portal – BSE Corporate Compliance & Listing Centre (Listing Centre).

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

VII. SHAREHOLDER INFORMATION

(a) 32nd Annual General Meeting

Date: July 27, 2018

Time: 2.30 p.m.

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

(b) Dates of Book Closure

Dates of Book Closure will be from July 23, 2018 to July 27, 2018 (both days inclusive).

(c) Last date of receipt of Proxy Forms

Wednesday, July 25, 2018 before 2.30 p.m. at the Registered Office of the Company.

(d) Financial year of the Company

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

Financial Reporting for:

First Quarter ending June 30, 2018 on or before August 14, 2018

Half-year ending September 30, 2018 on or before November 14, 2018

Third Quarter ending December 31, 2018 on or before February 14, 2019

Year ending March 31, 2019 before the end of May, 2019

The above dates are indicative.

(e) Dividend

The Board of Directors at its meeting held on May 30, 2018, recommended payment of final dividend of ₹ 2/- per equity share of face value of ₹ 10/- each (20%). The Board also recommended a one-time 'Special Dividend' of ₹ 2/- per equity share of face value of ₹ 10/- each (20%), to mark the completion of 10 years of acquisition of the Company by Cockerill Maintenance and Ingenerie SA. The dividend is subject to the approval of the members at the ensuing Annual General Meeting. The dividend shall be paid to the members whose names appear on the Company's Register of Members on July 21, 2018 in respect of physical members and whose name appear in the list of Beneficial Owners on July 21, 2018 furnished by NSDL and CDSL for this purpose. The dividend (final and special), if declared at the Annual General Meeting shall be paid after July 27, 2018.

(f) 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 2018-2019.

(g) Stock Code

BSE Limited

Scrip Code: 500147 Scrip Name: CMIFPE

(h) ISIN

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

(i) Corporate Identification Number (CIN)

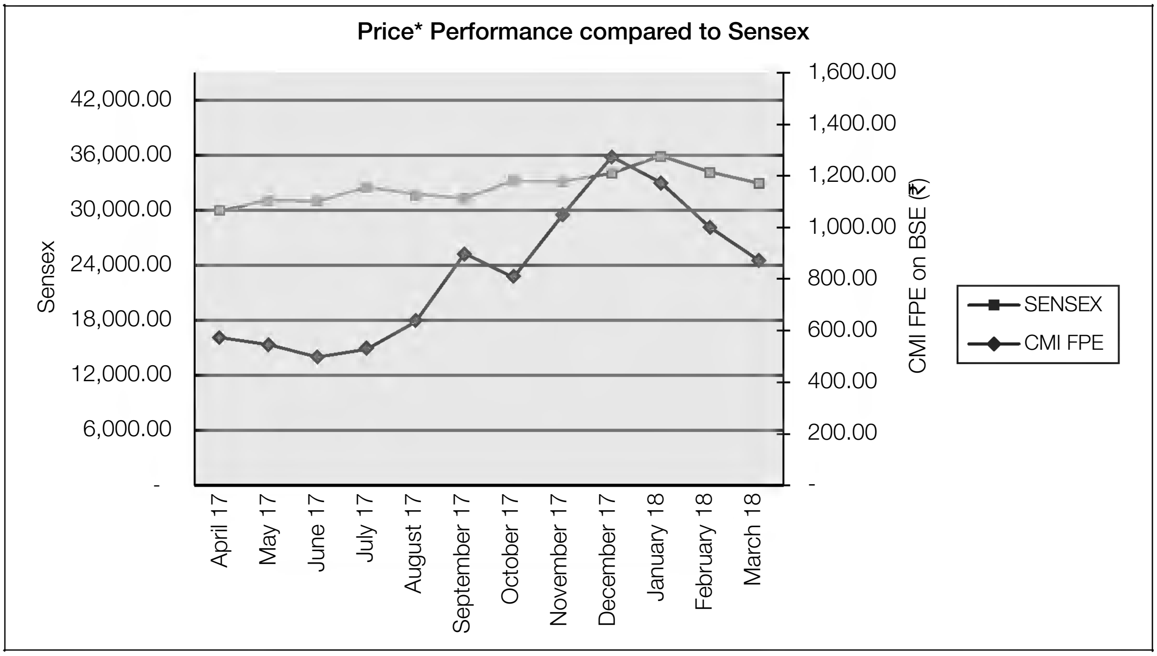
The Company's CIN as allotted by the Ministry of Corporate Affairs is L99999MH1986PLC039921.

(j) 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 2017-18 were as under:

Month	High (₹)	Low (₹)	Sensex (closing)
April, 2017	595.00	557.00	29,918.40
May, 2017	601.00	545.40	31,145.80
June, 2017	519.00	470.10	30,921.61
July, 2017	570.00	484.60	32,514.94
August, 2017	693.90	516.50	31,730.49
September, 2017	999.00	635.00	31,283.72
October, 2017	1,000.00	770.00	33,213.13
November, 2017	1,166.00	800.05	33,149.35
December, 2017	1,360.00	892.00	34,056.83
January, 2018	1,389.00	1,125.05	35,965.02
February, 2018	1,199.90	889.00	34,184.04
March, 2018	1,012.50	830.00	32,968.68

(k) **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

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

Bigshare Services Private Limited
Unit: CMI FPE Limited
1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road,
Marol, Andheri East, Mumbai 400 059

Tel. No.: 022-62638200 • Fax No.: 022-62638299 • Email: investor@bigshareonline.com

(m) **Distribution of Shareholding as at March 31, 2018**

Range of equity shares held	No. of holders	% of shareholders	No. of equity shares held	% of share capital
Upto 500	3,579	93.13	3,26,205	6.61
501 – 1000	130	3.38	99,749	2.02
1001 – 2000	65	1.69	92,732	1.88
2001 – 3000	21	0.55	52,337	1.06
3001 – 4000	13	0.34	46,213	0.94
4001 – 5000	9	0.23	40,693	0.82
5001 – 10000	11	0.29	74,135	1.50
10001 and above	15	0.39	42,05,749	85.17
Total	**3,843**	**100.00**	**49,37,813**	**100.00**

(n) **Shareholding pattern as at March 31, 2018**

Category	No. of shares	% of share capital
Promoters & Promoters Group	37,03,200	75.00
Government Companies, Mutual Funds & Banks	10,917	0.22
Foreign Institutional Investors (FII's)/OCB	750	0.01
Non Resident Indians	17,025	0.34
Domestic Companies	1,11,924	2.27
Resident individuals	10,93,997	22.16
Total	**49,37,813**	**100.00**

(o) Dematerialization of shares as at March 31, 2018

Category	No. of equity shares	% of share capital	No. of shareholders	% of shareholders
Electronic Form	48,90,754	99.05	3,506	91.23
Physical Form	47,059	0.95	337	8.77
Total	**49,37,813**	**100.00**	**3,843**	**100.00**

(p) Share Transfer System

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

(q) 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.

(r) Transfer of unclaimed dividend and shares to Investor Education and Protection Fund

Pursuant to the provisions of Companies Act, 2013, dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account, is required to be transferred by the Company to the Investor Education and Protection Fund ('**IEPF**'), established by the Central Government. Shareholders are advised to claim the un-encashed dividend lying in the unpaid dividend account of the Company before the due date.

A sum of ₹ 2,39,910/- has been transferred to the IEPF in the year 2017 towards unclaimed / unpaid dividend for the year ended March 31, 2010.

In terms of Section 124(6) of the Companies Act, 2013 read with Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time, (IEPF Rules), shares on which dividend has not been paid or claimed by a shareholder for a period of seven consecutive years or more shall be credited to the Demat Account of Investor Education and Protection Fund Authority ("**IEPFA**") within a period of thirty days of such shares becoming due to be transferred. Upon transfer of such shares, all benefits (such as bonus, etc.) if any, accruing on such shares shall also be credited to such Demat Account and the voting rights on such shares shall remain frozen till the rightful owner claims the shares.

Shares transferred to IEPFA can be claimed back by the shareholders from IEPFA by following the procedure prescribed under the IEPF Rules. During the year ended March 31, 2018, 10,917 shares were transferred to IEPF Account with CDSL.

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

(s) Plant Locations

Unit No. I

A-84, 2/3 MIDC, Taloja Industrial Area,
District Raigad 410 208, Maharashtra

Unit No. II

Gat No. 21,41 and 61, Village Hedavali, Khopoli-Pali Road, Taluka Sudhagad, District Raigad 410 205, Maharashtra

(t) Commodity price risk or foreign exchange risk and hedging activities

During the year, the Company has managed foreign exchange risk and hedged to the extent considered necessary. Open exposures are reviewed regularly and covered through forward contracts. The details of foreign currency exposure are disclosed in Note 37.7 to the Financial Statements.

(u) Address for correspondence

Shareholders may correspond with the Registrar and Share Transfer Agent on all matters relating to transfer / dematerialization of shares, payment of dividend and any other query relating to equity shares of the Company at:

Bigshare Services Private Limited
Unit: CMI FPE Limited
1st Floor, Bharat Tin Works Building
Opp. Vasant Oasis, Makwana Road
Marol, Andheri East, Mumbai 400 059

Tel. No.: 022-62638200
Fax No.: 022-62638299
Email: investor@bigshareonline.com

The Company has designated investors@cmifpe.com as an exclusive email ID for Investors for the purpose of registering complaints, and the same email ID has been displayed on the Company's website. Shareholders would have to correspond with the respective Depository Participants for shares held in dematerialised form. For all investor related matters, the Company Secretary & Compliance Officer can be contacted at:

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

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

VIII. GENERAL BODY MEETINGS

Details of General Meetings and Special Resolutions passed

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

Year	Location	Date	Time	Whether any Special Resolution passed
2014-2015	Mehta House, Plot No. 64, Road No. 13, MIDC, Andheri East, Mumbai 400 093	July 31, 2015	2.30 p.m.	Commission to Non-Executive Directors
2015-2016	Mehta House, Plot No. 64, Road No. 13, MIDC, Andheri East, Mumbai 400 093	July 29, 2016	2.30 p.m.	- Re-appointment of Mr. Raman Madhok as Managing Director of the Company - Maintaining of records at the office of Registrar and Share Transfer Agents
2016-2017	Mehta House, Plot No. 64, Road No. 13, MIDC, Andheri East, Mumbai 400 093	July 28, 2017	2.30 p.m.	- Determination of fees for delivery of documents to shareholders

During the financial year ended March 31, 2018, no resolution was passed through Postal Ballot. None of the businesses proposed to be transacted at the ensuing Annual General Meeting requires the passing of a resolution by way of Postal Ballot.

IX. DISCRETIONARY REQUIREMENTS UNDER REGULATION 27 OF LISTING REGULATIONS

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

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

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

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

- **Reporting of Internal Auditor**
  The Internal Auditor reports directly to the Audit Committee.

CERTIFICATE ON COMPLIANCE WITH CODE OF CONDUCT

To,
The Shareholders of CMI FPE Limited

I, Raman Madhok, Managing Director, declare that all 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, 2018.

For **CMI FPE Limited**

Place : Taloja
Date : May 30, 2018

Raman Madhok
Managing Director
DIN : 00672492

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of CMI FPE Limited

1. This certificate is issued in accordance with the terms of our engagement Ref: Audit engagement letter – Audit of Financial Statements dated September 19, 2017.
2. We, Deloitte Haskins & Sells, Chartered Accountants, the Statutory Auditors of CMI FPE Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2018, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations").

Management's Responsibility

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

Auditor's Responsibility

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

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2018.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

(Samir R. Shah)
(Partner)
(Membership No. 101708)

Place: Valsad
Date: May 30, 2018

Management Discussion and Analysis

INDUSTRY STRUCTURE AND DEVELOPMENTS:

Economic Environment:

The financial year 2017-2018 has been quite an interesting period. While the first quarter saw the impact of demonetization settle down, the next quarter experienced the effect of the Goods and Services Tax (**"GST"**) which brought in some complexities as businesses aligned itself to the new system. This year also witnessed substantial steps being undertaken towards problems associated with non-performing assets of the banks, further liberalization of Foreign Direct Investment (FDI), etc., thus strengthening the momentum of reforms. There has been improvement in the economic scenario as there have been various investments in many sectors and industries.

GDP growth has averaged 7.3 per cent for the period from 2014-2015 to 2017-2018, which is the highest among the major economies in the world. Moody's has upgraded India's sovereign rating after 14 years to Baa2 with a stable economic outlook.

The Government this year focuses its budget on uplifting the rural economy, strengthening of agriculture sector, healthcare for the economically less privileged, infrastructure creation and improvement in the quality of education of the country. Budgetary allocation for infrastructure is set at ₹ 5.97 lakh crore (US$ 93.85 billion) for 2018-2019. An all-time high allocation has been made to the rail and road sectors.

With world growth likely to witness moderate improvement in 2018, expectation of greater stability in GST, recovery in investment levels, and ongoing structural reforms, among others, should be supporting higher growth. Country's economic performance should witness an improvement in 2018-2019 as global economic activity continues to strengthen. Global growth is forecast to grow by 3.9 per cent during 2018 as per International Monetary Funds (IMF). The IMF expects India to grow at 7.4 per cent in 2018 which could increase further to 7.8 per cent during 2019 as against 6.7 per cent during 2017. However this is still below the 13 years average.

Steel consumption is expected to grow 5.7 per cent year-on-year to 92.1 million tonnes in 2018. India's steel production is expected to increase from 97.42 million tonnes in FY 2017 to 128.6 million tonnes by 2021. The Government of India has allowed 100 per cent Foreign Direct Investment (FDI) in the steel sector under the automatic route. Nearly 300 MoUs have been signed with various states for planned capacity of about 486.7 million tonnes.

India has also regained its tag as the fastest growing major economy and was the third largest steel producer in 2017. The strengthening of the investments has largely improved trade and India holds a fair advantage in cost of production and conversion costs in steel and aluminum.

Resolution to the steel sector's problems either through write-offs, reclaiming of bad debt from insolvent companies or potential for loan payoffs as the sector comes back to health, can be a crucial step forward in getting the economic engine back on track.

Additionally the Government of India is focusing on infrastructure and restarting road projects which is a welcome development for the steel sector as this will aid in boosting the demand for steel.

2018 is likely to exhibit a sustainable scenario with no major shock. India is expected to become the world's second largest steel producer soon and aims to achieve 300 million tonnes of annual steel production by 2025-2030.

2018 has begun on an optimistic note which was not the case a year ago when excess capacity in global steel market was identified as a major constraint plaguing the industry in the backdrop of a subdued business scenario.

Steel Scenario and Outlook:

Steel is the backbone of the economic activity of any country. India's economic growth is contingent upon the growth of core sectors which include the Indian steel Industry. Consumption of steel is taken to be an indicator for economic development. While steel continues to have a strong hold in traditional sectors such as construction, transportation; special steels are increasingly used in engineering industries such as power generation, petro chemicals and fertilizers.

Hot-rolled, cold-rolled and galvanized steel products together play a vital role in the country's industrial development and economic growth. Rise in infrastructure development, automotive production are major factors for increasing growth. Power and cement industries are also aiding growth of this sector. Demand for iron and steel is set to continue, given the strong growth expectations in infrastructure, namely, residential and commercial building industry, rail and road development.

India produced 53.5 million tonnes crude steel in 2007 and 101.4 million tonnes in 2017, an 89.5 per cent increase. If current trends continue, India is likely to become the 2nd largest steel producing country in the near future. The demand-supply mismatch is significantly reduced and capacity utilization has improved and prices have rebounded. The prices of finished steel in the last 10 months have on an average gone up by 18 to 21 per cent and have made a positive impact on the profitability position of steel industry. Steel industry is on the threshold of a boom but it has come after a long hiatus.

The liberalization of industrial policy and other initiatives taken by the Government have given a definite impetus for entry, participation and growth of the private sector in the steel industry. While the existing units are being modernized / expanded, a large number of new steel plants have also come up in different parts of the country based on modern, cost effective, state-of-the-art technologies. In the last few years, the rapid and stable growth of the demand side has also prompted domestic entrepreneurs to set up fresh green-field projects in different states of the country.

Although there is a rationale for India to scale-up its steelmaking capacity, the major obstacles faced by the country that will make this journey challenging are bureaucratic roadblocks to project implementation, credibility of government mandates and incentives and supply chain management of key raw materials are some of the major challenges. The Indian Steel industry also suffers as it is not able to support itself in a down turn due to wafer-thin margins. Research and Development is another issue as the sector is very slow in modernizing itself.

While current developments in the sector inspire confidence in India's growth story and convert India's image in terms of 'ease of doing businesses', the government, must have on an on-going basis a time-bound process, more transparent project planning and strong vigilance.

The overall outlook for Indian steel producers appears positive; what may be worrying is the risk of margins coming under pressure if prices do not increase enough to absorb higher costs. There is also another apprehension as large steel producers intend to bid for steel companies that have defaulted on loans and overpaying for them is a balance-sheet risk that bears watching.

Review of Operations:

CMI FPE has always strived for continuous modernization and upgradation of its workshops and better efficiency levels.

Our Company continues to support and enhance the performance management process. In moving forward CMI FPE this year too won the most anticipated 'Public Award' for its innovative product 'Compact Color Coating Line' in the innovation category, judged by the CMI global jury.

No 'Lost Time Accident' was reported in the course of the year at any of the entity's locations. The Near miss reporting system was made more robust by assigning targets for reporting departmentwise and strengthening the monitoring system for the same.

Safety Return of Experience was taken up in Safety trainings, Tool Box meetings, and Monthly Safety meetings. Safety trainings were carried out at all entity locations in accordance with the Training Calendar set. As stated earlier, a detailed HIRA Study was completed for 17 CNC Machines and an action plan for implementation of the recommendations would be taken up in the ensuing year for implementation.

Our Company has shown a positive EBIT of ₹ 1416.20 lakhs in the year under review. The earnings per share of ₹ 10 were ₹ 13.61 (as against ₹ 11.73 in the previous year).

Opportunities and Threats:

The biggest opportunity before the Indian steel sector is that there is enormous scope for increasing consumption of steel in almost all sectors in India. The key opportunities include an unexplored rural market to boost consumption of steel, growing domestic demand for steel products including automobiles, construction, rapid urbanization and increasing interest of foreign steel producers in India.

The short range outlook by World Steel Association has projected India's finished steel consumption at 92.1 million tonnes in 2018 which is a 5.7 per cent growth. Industry forecasts create an ideal condition for product innovation, technology and supply chain efficiencies.

Based on the increased capacity addition in anticipation of upcoming demand and the new steel policy that has been approved by the Union Cabinet in May 2017 India's steel production is expected to receive a boost.

The 'Ministry of Steel' along with 'Metal Scrap Trade Corporation' has jointly launched an e-platform called 'MSTC Metal Mandi' under the 'Digital India' initiative, which will facilitate sale of finished and semi-finished steel products. The 'Ministry of Steel' is facilitating setting up of an Industry driven 'Steel Research and Technology Mission of India (SRTMI)' in association with the public and private sector steel companies to spearhead 'Research & Development' activities in the iron & steel industry at an initial corpus of ₹ 200 crore (app. US$ 30 million).

But there are several threats; the Indian steel industry has witnessed spurts of price wars and heavy trade discounts, which has impacted the growth progress. Furthermore the easy-going progression in infrastructure developments, market fluctuations and dubious global economic trends, China's export possibilities and increased protectionism in the west is a hindrance to the growth of exports in India. Another huge roadblock is in setting up of plants in India due to land acquisitions and mining license issues.

It is imperative that the Indian steel companies become significantly more competitive by improving productivity further and moving towards rapid technological upgradation. The fortunes of CMI FPE are closely linked to the turnaround and growth story of Indian steel companies.

Our Company is conceived as the Indian hub integral to the vision of CMI group's strategy and sees significant business opportunities in its key markets. The Company is a project management company and the average gestation period for each project is 12 to 18 months and is exposed to inherent risks like adverse developments at customer end leading to delays which could impact the overall project schedule.

Our Company focuses on 'value engineering and innovation' and the '2018 Public award' for 'Compact Color Coating Line' by global 'CMI jury' emphasis on the trust that CMI group places on CMI FPE.

CMI FPE is pursuing significant business opportunities in its key market and the Management is closely monitoring these activities to leverage the Company into leadership position in the Cold Rolling Complex market.

Risk Management:

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

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

CMI FPE continues to follow the Internal Control Approach developed by COSO (Committee of Sponsoring Organizations of the Treadway Commission) 'COSO Internal Control – Integrated Framework, 2013' and has also adopted the 'COSO Enterprise Risk Management – Aligning Risk with Strategy and Performance 2017 framework' along with ISO 31000:2009 as the framework for risk management at the Company. The preference is to rely more on and institute, wherever possible, automated controls or semi-automated controls through the Company's state-of-the-art ERP Application.

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

It was also ensured, through a special orientation session, that the participants in the risk mapping exercise, (viz., heads of functions), gained adequate awareness on the clauses of ISO 31000:2009, the concepts of inherent risk, target residual risk and actual residual risk as enunciated in the COSO ERM 2017 framework.

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

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

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

Finance:

Our Company adopted a strategy of 'Cash and Carry' in respect of certain customers, where the outstanding was more than 180 days. The project supplies to these customers were released only on receipt of advances for the current supplies after partial adjustment of their outstanding. Our Company finalised the time schedule for project closure and payments to be received by getting post-dated cheques from customers. The strategy of 'Cash and Carry' helped the Company to reduce the working capital cycle; regular payments from the customers helped the Company negotiate better resulting in reduction of bank charges and interest rates.

Our Company is a debt free company (no long term debt) as on March 31, 2018 and has not accepted any deposits from the public during the year under review.

CARE has reaffirmed Long Term Rating of CARE BBB+ and Short Term Rating of CARE A2+.

Human Resource Management and Industrial Relations:

Human Resources play an instrumental role in securing the future of our Company. One of the key aspects is enabling employees to develop the skills necessary to take up new roles within the Company through cross functional mobility by identifying opportunities and offering training and development.

The permanent employee strength of the Company was 490 as on March 31, 2018. The Company devotes substantial man-hours towards training and development of its employees.

The Financial year 2017-2018 ended with 'PULSE 2018 – A CMI people survey' which received 100 per cent response. This response not only demonstrates the 'employee connect' with its Management but also emphasizes on the fact that CMI creates opportunities for employees to anonymously express their views.

'PULSE' survey is conducted every 2 years and based on the response received in 2016, CMI FPE 'formulated plans and ways of working' spread out over a period of 2 years to ensure 'maximum employee satisfaction', some of which resulted into:

- Project Management Training
- Optimised processes through continuous improvement plans
- Good Housekeeping Award to Services team by TATA Tinplate for 3 consecutive years
- Flexible work timings for better 'work-life balance'
- Support towards 'Work integrated education'
- Awareness on 'Near Miss' Reporting and recognition given to pro-active employees
- Low attrition rate of employees as compared to competitors
- Encouraged Internal transfers for better employee development and recognised employees for special achievements.

The results of this survey which is conducted by 'Willis Towers Watson' will be declared in June 2018 and the resulting action plans will be aligned with the KPIs of the Company. The KPIs of our Company are set during an 'employee-offsite meeting' for 'inclusive ownership' in deciding Company targets.

Our Company also demonstrated their operational efficiency by winning the 'Total Productive Maintenance (TPM) Award' by TCIL for innovative approach. A team of 8 employees were successful in yielding results by implementing '47 Kaizens' and '50 One Point Lessons (OPL)'. 2017 was indeed a year of celebration as CMI FPE was chosen as the 'Best Company of the Year' by 'International Brand Consulting Corporation'. This year our Company focuses on initiating projects under 'Industry 4.0'.

Efforts will continue in creating an optimistic workplace for its employees through resilience and positive leadership. The Management continues to maintain cordial and transparent relations with all its stake-holders.

Health and Safety:

CMI FPE adopts a proactive approach to occupational health and safety through a 'hierarchy of controls' which are deployed in a seamless manner i.e. elimination / substitution of unsafe conditions, deployment of engineering controls and administrative controls and using appropriate PPE for carrying out hazardous tasks.

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

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

The principal administrative controls deployed include safety meetings, safety trainings and tool box talks. Our Taloja workshop completed 1712 days and Hedavali workshop completed 1391 days without any 'lost time accident' as of March 31, 2018.

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

Various safety-related programs were organized during the 47th National Safety Week from March 4 to 10, 2018 – the primary purpose of having a week – long event being of course to renew the commitment of employees to ‘work safely throughout the year’. In addition to practical training programs such as Fire Fighting for Emergency Response team members, our Company also had departmental presentations on Safety Improvements, Safety Drawing Poster Competition and Safety Quizzes.

Machine Shop at Taloja Plant won the ‘Housekeeping Contest’ and also the award for ‘best presentation’ relating to Safety improvements actually implemented at departmental shop level. Prizes were also given out for ‘Near-Miss Reporting,’ for which departmental targets had been set earlier in the year.

As per the Factories Act, 1948, a yearly medical examination was also conducted for all employees exposed to shop floor activities. No significant issues were found.

A revised version of the entity’s Safety manual, aligned with OHSAS 18001:2007, was issued in February 2018 and will now be revised in accordance with ISO 45001: 2018 in FY 2018 -19.

The International Labour Organization (ILO) celebrates the World Day for Safety and Health at Work on the 28th of April to promote the prevention of occupational accidents and diseases globally. It is an awareness-raising campaign intended to focus international attention on emerging trends in the field of occupational safety and health and on the magnitude of work-related injuries, diseases and fatalities worldwide.

As the traditional date, April 28th, falls on a Saturday this year (2018), the Group decided to fix Friday 27th April as its own day for this. As per Groups guidelines, we at CMI FPE organised different events on 27th April, at different locations, to promote the importance of this day. All employees actively participated in the celebration of “World Day for Safety and Health at Work”.

Optimization of Key Business Processes:

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

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

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

The Company has been certified to the ISO 9001 : 2008 Quality Management System for the last 16 years and has base lined its safety management system with OSHAS 18000:2007.

Pursuant to the Stage 1 audit in June 2017 and the Stage 2 audit executed in July 2017 by certifying body TUV Nord (Accreditation body DAkkS), CMI FPE was upgraded to ISO 9001:2015.

This significant achievement was made possible due to the active involvement of employees across all levels, under the leadership of the Operations Committee and handholding by the QMS team.

It bears mention that the ISO 9001 : 2015 certification was completed in July 2017 (entity readiness handled internally) with 4 Good Practices, 2 Potential for Improvement aspects and no non-conformities noted by certifying body TUV Nord.

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

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

The Company had earlier successfully deployed ‘CAM software’ and ‘network infrastructure’ to facilitate CAD/CAM integration. This has given us a capability to simulate tool motions for various machining jobs in the software, thereby arriving at a realistic touch time for the various machining operations on our CNC machining centres.

Information Technology:

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

Training programs, facilitated by internal faculty, were carried out for users of the Company's ERP system to optimize productivity in the use of this application. The Company has also deployed a reliable infrastructure for local onsite backups and cross site replicated backups, which are auto-scheduled.

The entity's internal Data Centre 'hardware refresh' for Servers, Storage was completed in October 2017 and for Network Active Devices in March 2018, with zero downtime. Care was taken to deploy suitable sizing tools on the old infrastructure to determine new infrastructure provisioning on a realistic basis. All Server workloads have been virtualized.

The WAN topology was further optimized by provisioning a separate Firewall at Taloja Plant and a redundant ILL (Internet Lease Line) link of 4MBPS for Email and business internet, independently out of Taloja Plant.

The Mailing application and Operating System were upgraded with zero downtime. Also, download interfaces from SAP to the APS application were built internally in SAP without external support, with significant saving accruing to the Company. Some critical APS application enhancements were completed in March 2018. This has significantly increased the efficacy of the APS application in project related complex planning scenarios. SAP enhancements for GST were carried out in a timely manner.

As part of its security posture, the entity has deployed Security Certificates on its website and Mail Server to enhance security. It has also deployed a 'Web Gateway' and 'Messaging Gateway' to protect against 'zero day attacks', 'Advanced Crypto malware', 'Cyber Threats'.

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

Internal Control Systems:

The Company engaged PricewaterhouseCoopers Private Limited 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 findings from the internal audit reports as well as action taken on the matters reported. The focus of the Internal Audit team is on identifying improvements in "business processes" and "design of controls", with "substantive testing" being carried out as needed.

The scope of the Internal Audit mandate covered traditional audit reviews for key processes, analytics to be run on a periodic basis on the entity's ERP system to track the health of key controls, special reviews, to be carried out on the directions of the Audit Committee along with IFC (Internal Financial Controls) reviews – 'test of design' and 'test of operating effectiveness' for 11 processes.

Cautionary Statement:

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

Independent Auditor's Report

To The Members of CMI FPE Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **CMI FPE Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under Section 143(11) of the Act.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

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

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

   i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements.

   ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

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

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

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

(Samir R. Shah)
(Partner)
(Membership No. 101708)

Place: Valsad
Date: May 30, 2018

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

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

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

We have audited the internal financial controls over financial reporting of CMI FPE Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

(Samir R. Shah)
(Partner)
(Membership No. 101708)

Place: Valsad
Date: May 30, 2018

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

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

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the Balance Sheet date.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ("the Act").

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and does not have any unclaimed deposits as at March 31, 2018. Therefore, the provisions of clause 3(v) of the Order are not applicable to the Company.

(vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Act. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (cost records and audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Act, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

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

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Service Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Service Tax, cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, Goods and Service Tax which have not been deposited as on March 31, 2018 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 lakhs)
The Central Excise Act, 1944	Excise Duty – Cenvat Credit (excluding interest and penalty)	Commissioner of Central Excise & Service Tax Large Tax Unit-Audit, Mumbai	2009-10 to 2010-11	79.18
The Central Excise Act, 1944	Service Tax – Cenvat Credit (excluding interest and penalty)	CESTAT, Mumbai	2010-11 to 2014-15	4,456.23
Tamil Nadu Value Added Tax, 2006	Sales Tax (excluding interest and penalty)	Deputy Commissioner III, Chennai	2012-13	3.15
Income-tax Act, 1961	Income-tax	Income-tax Appellate Tribunal	2010-11 (A.Y.)	107.11
Income-tax Act, 1961	Income-tax	Commissioner of Income-tax (Appeals)	2011-12 (A.Y.)	0.11
Income-tax Act, 1961	Income-tax	Commissioner of Income-tax (Appeals)	2013-14 (A.Y.)	83.02

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Therefore, the provisions of clause 3(viii) of the Order are not applicable to the Company.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans. Therefore, the provisions of clause 3(ix) of the Order are not applicable to the Company.

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

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) The Company is not a Nidhi Company and therefore the provisions of clause 3(xii) of the Order are not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Sections 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Therefore, the provisions of clause 3(xiv) of the Order are not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding company or persons connected with them and hence provisions of Section 192 of the Act are not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

(Samir R. Shah)
(Partner)
(Membership No. 101708)

Place: Valsad
Date: May 30, 2018

Balance Sheet as at March 31, 2018

(₹ in lakhs)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
I ASSETS				
Non-current assets				
(a) Property, plant and equipment	3	**6,019.59**	6,262.34	6,489.48
(b) Capital work-in-progress		**175.73**	41.43	113.94
(c) Intangible assets	4	**29.41**	11.62	6.20
(d) Financial assets				
(i) Investments	5	**–**	–	–
(ii) Trade receivables	6	**–**	30.32	133.27
(iii) Loans	7	**–**	0.18	0.51
(iv) Other financial assets	8	**96.00**	29.28	25.70
(e) Deferred tax assets (Net)	15	**84.79**	491.37	595.10
(f) Non-current tax assets (Net)	9	**460.77**	409.20	652.45
(g) Other non-current assets	10	**1,248.92**	1,330.51	848.50
Total non-current assets		**8,115.21**	8,606.25	8,865.15
Current assets				
(a) Inventories	11	**1,441.85**	1,877.88	2,147.60
(b) Financial assets				
(i) Trade receivables	6	**9,014.96**	4,094.97	11,638.94
(ii) Cash and cash equivalents	12	**12,243.73**	6,224.75	126.10
(iii) Bank balances other than (ii) above	13	**3,065.37**	388.84	327.19
(iv) Loans	7	**0.07**	0.33	0.35
(v) Other financial assets	8	**246.83**	123.19	247.10
(c) Other current assets	10	**7,378.41**	6,716.75	4,583.21
		33,391.22	19,426.71	19,070.49
Assets classified as held for sale	14	**–**	–	3.89
Total current assets		**33,391.22**	19,426.71	19,074.38
Total Assets		**41,506.43**	28,032.96	27,939.53
II EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	16	**493.78**	493.78	493.78
(b) Other equity	17	**15,282.96**	14,701.14	14,152.68
Total equity		**15,776.74**	15,194.92	14,646.46
Liabilities				
Non-current liabilities				
(a) Financial liabilities	12			
(i) Trade payables	18	**43.79**	29.76	47.19
(ii) Other financial liabilities	19	**87.00**	–	87.00
(b) Provisions	20	**290.62**	236.95	192.99
(c) Other non-current liabilities	22	**3,950.25**	195.00	1,162.79
Total non-current liabilities		**4,371.66**	461.71	1,489.97
Current liabilities				
(a) Financial liabilities				
(i) Trade payables	18	**5,487.94**	3,633.93	6,155.38
(ii) Other financial liabilities	19	**318.22**	191.24	89.74
(b) Provisions	20	**558.09**	620.84	1,148.44
(c) Current tax liabilities (Net)	21	**52.86**	8.13	8.13
(d) Other current liabilities	23	**14,940.92**	7,922.19	4,401.41
Total current liabilities		**21,358.03**	12,376.33	11,803.10
Total Liabilities		**25,729.69**	12,838.04	13,293.07
Total Equity and Liabilities		**41,506.43**	28,032.96	27,939.53

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Samir R. Shah
Partner

Place : Valsad
Date : May 30, 2018

For and on behalf of the Board of Directors

Joao Felix Da Silva
Chairman
DIN: 07662251

Raman Madhok
Managing Director
DIN: 00672492

Yves Honhon
Director
DIN: 02268831

Akash Ohri
Chief Financial Officer

Haresh Vala
Company Secretary

Place : Taloja
Date : May 30, 2018

Statement of Profit and Loss for the year ended March 31, 2018

(₹ in lakhs)

	Particulars	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
1	Revenue from operations	24	**30,823.46**	15,776.73
2	Other income	25	**1,627.30**	1,413.59
3	**Total Income (1+2)**		**32,450.76**	17,190.32
4	**Expenses**			
	(a) Construction materials consumed	26.a	**20,105.61**	6,996.77
	(b) Changes in inventories of finished goods and work-in-progress	26.b	**181.81**	(80.23)
	(c) Excise duty on sale of goods		**288.86**	396.12
	(d) Employee benefits expense	27	**5,160.83**	4,754.98
	(e) Finance costs	28	**90.99**	103.12
	(f) Depreciation and amortisation expense	29	**592.32**	518.55
	(g) Other expenses	30	**4,705.13**	3,714.68
	Total expenses (4)		**31,125.55**	16,403.99
5	**Profit before tax (3-4)**		**1,325.21**	786.33
6	**Tax expense:**	31		
	(a) Current tax		**201.63**	117.03
	(b) Deferred tax		**451.58**	90.25
			653.21	207.28
7	**Profit for the period from continuing operations (5-6)**		**672.00**	579.05
8	**Other comprehensive income**			
	A (i) Items that will not be reclassified to profit or loss:			
	Remeasurement of the defined benefit plans		**(92.05)**	(115.01)
	(ii) Income tax relating to above item	31.2	**30.73**	38.03
	B (i) Items that will be reclassified to profit or loss:			
	Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge		**(43.13)**	59.87
	(ii) Income tax relating to above item	31.2	**14.27**	(13.48)
	Total other Comprehensive income (A+B)		**(90.18)**	(30.59)
9	**Total Comprehensive income for the period (7+8)**		**581.82**	548.46
10	**Earnings per share (of ₹ 10/- each):**	32		
	(a) Basic (₹)		**13.61**	11.73
	(b) Diluted (₹)		**13.61**	11.73

See accompanying notes forming part of the financial statements

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

Samir R. Shah
Partner

Place : Valsad
Date : May 30, 2018

For and on behalf of the Board of Directors

Joao Felix Da Silva
Chairman
DIN: 07662251

Raman Madhok
Managing Director
DIN: 00672492

Yves Honhon
Director
DIN: 02268831

Akash Ohri
Chief Financial Officer

Haresh Vala
Company Secretary

Place : Taloja
Date : May 30, 2018

Statement of changes in equity for the year ended March 31, 2018

A. Equity share capital

(₹ in lakhs)

Particulars	Amount
Balance at April 1, 2016	493.78
Change in equity share capital during the year	–
Balance at March 31, 2017	493.78
Change in equity share capital during the year	–
Balance at March 31, 2018	493.78

B. Other equity

(₹ in lakhs)

Particulars	Reserves and surplus			Other comprehensive income	Total
	Securities premium reserve	General reserve	Retained earnings	Effective portion of cash flow hedges	
Balance at April 1, 2016	1,466.27	9,075.03	3,630.49	(19.11)	14,152.68
Profit for the year	–	–	579.05	–	579.05
Other comprehensive income for the year, net of income tax	–	–	(76.98)	46.39	(30.59)
Total comprehensive income for the year	–	–	502.07	46.39	548.46
Balance at March 31, 2017	1,466.27	9,075.03	4,132.56	27.28	14,701.14
Profit for the year	–	–	672.00	–	672.00
Other comprehensive income for the year, net of income tax	–	–	(61.32)	(28.86)	(90.18)
Total comprehensive income for the year	–	–	610.68	(28.86)	581.82
Balance at March 31, 2018	1,466.27	9,075.03	4,743.24	(1.58)	15,282.96

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Samir R. Shah
Partner

Place: Valsad
Date : May 30, 2018

For and on behalf of the Board of Directors

Joao Felix Da Silva
Chairman
DIN: 07662251

Raman Madhok
Managing Director
DIN: 00672492

Yves Honhon
Director
DIN: 02268831

Akash Ohri
Chief Financial Officer

Haresh Vala
Company Secretary

Place: Taloja
Date : May 30, 2018

Cash Flow Statement for the year ended March 31, 2018

(₹ in lakhs)

	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
A	**Cash flow from operating activities:**		
	Net Profit before tax	**1,325.21**	786.33
	Adjustments for:		
	Depreciation and amortisation expense	**592.32**	518.55
	Bad trade and other receivables, loans and advances written off	**14.21**	16.65
	Credit balances write back	**(67.81)**	(191.58)
	Allowance/(Reversal of allowance) for doubtful trade receivables (net)	**206.91**	(276.42)
	Allowance for doubtful advances/deposits	**10.51**	–
	(Reversal of provision)/Provision for estimated losses on contracts (net)	**(62.17)**	49.89
	Reversal of provision for warranties (net)	**(4.66)**	(592.62)
	Provision for employee benefits (net)	**57.75**	59.09
	Gain on disposal/write off of property, plant and equipment (net)	**(0.27)**	(67.93)
	Interest expense	**2.37**	0.01
	Interest income	**(320.30)**	(223.67)
	Unrealised foreign exchange loss/(gain) (net)	**(148.69)**	126.80
	Operating profit before working capital changes	**1,605.38**	205.10
	Changes in working capital:		
	Adjustments for (increase)/decrease in operating assets:		
	Inventories	**436.03**	269.72
	Trade receivables	**(4,999.36)**	7,894.16
	Loans	**0.44**	0.35
	Other financial assets	**(62.73)**	(46.22)
	Other assets	**(589.39)**	(2,613.14)
	Adjustments for increase/(decrease) in operating liabilities:		
	Trade payables	**1,901.20**	(2,535.16)
	Other financial liabilities	**106.34**	(132.45)
	Other liabilities	**10,773.89**	2,735.73
	Cash generated from operations	**9,171.80**	5,778.09
	Income tax (paid)/refund (net)	**(202.19)**	199.00
	Net cash generated from operating activities (A)	**8,969.61**	5,977.09
B	**Cash flow from investing activities:**		
	Payments for property, plant and equipment	**(431.27)**	(191.71)
	Payments for intangible assets	**(56.52)**	(11.48)
	Proceeds from disposal of property, plant and equipment	**1.42**	281.43
	Interest received	**251.65**	155.44
	Bank balances (including non-current) not considered as Cash and cash equivalents (net)	**(2,745.93)**	(61.65)
	Net cash (used in)/generated from investing activities (B)	**(2,980.65)**	172.03
C	**Cash flow from financing activities:**		
	Interest paid	**–**	(0.01)
	Dividend and dividend tax paid (Including changes in unpaid dividend)	**(2.49)**	(1.31)
	Net cash used in financing activities (C)	**(2.49)**	(1.32)
	Net increase in Cash and cash equivalents (A+B+C)	**5,986.47**	6,147.80
	Cash and cash equivalents as at the beginning of the year	**6,224.75**	126.10
	Effect of exchange rate changes on the balances of cash and cash equivalents held in foreign currencies	**32.51**	(49.15)
	Cash and cash equivalents as at the end of the year (Refer Note 12)	**12,243.73**	6,224.75

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Samir R. Shah
Partner

Place : Valsad
Date : May 30, 2018

For and on behalf of the Board of Directors

Joao Felix Da Silva
Chairman
DIN: 07662251

Raman Madhok
Managing Director
DIN: 00672492

Yves Honhon
Director
DIN: 02268831

Akash Ohri
Chief Financial Officer

Haresh Vala
Company Secretary

Place : Taloja
Date : May 30, 2018

Notes forming part of the financial statements

1 General information:

CMI FPE Limited ('the Company') is a subsidiary of Cockerill Maintenance and Ingenierie SA and a public limited Company incorporated and domiciled in India. The registered office of the Company is located at Mehta House, Plot No. 64, Road No. 13, MIDC, Andheri (East), Mumbai – 400 093. The Company is listed on the BSE Limited.

The principal activities of the Company comprise customised design, engineering, and installation, and manufacturing components of Cold Rolling Mill Complexes, Processing Lines, Chemical equipment, industrial furnaces and auxiliary equipment for the world-wide steel industry.

2 Significant Accounting Policies:

2.1 Statement of compliance:

Financial Statements of the Company have been prepared in accordance with the accounting principles generally accepted in India including Indian Accounting Standards (hereinafter referred to as the 'Ind AS') prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

For all periods upto and including the year ended March 31, 2017, the Company prepared its Financial Statements in accordance with requirements of the Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 ('Previous GAAP').

These Financial Statements for the year ended March 31, 2018 are the Company's first Ind AS Financial Statements. The date of transition to Ind AS is April 1, 2016. Refer Note 2.19 below for the details of first-time adoption exemptions and exceptions availed by the Company.

2.2 Basis of preparation of financial statements:

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company is required to prepare its financial statements as per the Ind AS prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Accounting Standards) Amendment Rules, 2016 with effect from April 1, 2017. Accordingly, the Company has prepared these Financial Statements which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity for the year ended March 31, 2018 and accounting policies and other explanatory information (together hereinafter referred to as "Financial Statements")

The Financial Statements have been prepared on accrual basis under the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The functional currency of the Company is Indian Rupee. These Financial Statements are presented in Indian Rupee.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into accounts the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Financial Statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17, 'Leases' and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 'Inventories' or value in use in Ind AS 36 'Impairment of assets', as applicable.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows.

- Level 1 Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2 Inputs are inputs other than quoted prices included within Level 1, that are observable for the asset or liability either directly or indirectly, and
- Level 3 Inputs are unobservable inputs for the asset or liability.

Recent accounting pronouncements - Standards issued but not yet effective:

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying amendments to Appendix B to Ind AS 21, 'The Effects of Changes in Foreign Exchange Rates' and Ind AS 115 'Revenue from Contract with Customers'. The amendments are applicable to the company from April 1, 2018.

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

This amendment clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

Ind AS 115- Revenue from Contract with Customers:

Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch-up approach). The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company is evaluating requirements of the above mentioned pronouncements and its effect on the Financial Statements.

The Principal accounting policies are set out below:

2.3 Revenue recognition:

Revenue from construction contracts

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

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

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

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

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the Balance Sheet, as a liability, as advances received. Amounts billed for work performed but not yet paid by customers are included in the Balance Sheet under trade receivables.

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 non-current liabilities and Other current liabilities.

Sale of products

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from the sales of products is recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customer or when delivered to a carrier for export sale.

Rendering of services

Revenues from maintenance contracts are recognised pro-rata over the period of the contract. Income from services is recognised as and when the services are rendered.

Interest and dividend

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Dividend income from investments is recognised when the right to receive dividend is established.

2.4 Leases:

The Company as a lessee:

Operating lease:

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset, are classified as operating lease. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight line basis over the lease term, where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

Finance lease:

Assets held under finance lease are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payment are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

2.5 Foreign currency transactions:

Initial recognition:

Foreign currency transactions are recorded in the reporting currency by applying the periodic average exchange rate.

Translation:

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historic cost in a foreign currency are not retranslated.

Exchange differences:

Exchange differences on monetary items are recognised in the Statement of Profit and Loss in the period in which they arise, except for exchange differences on transactions entered into in order to hedge certain foreign currency risks (see below the policy on hedge accounting in Note 2.14).

2.6 Borrowing costs:

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

The Company determines the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the period less any interest income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets, to the extent that the Company borrows funds specifically for the purpose of obtaining qualifying asset. In case, if the Company borrows generally and uses the funds for obtaining a qualifying asset, borrowing cost eligible for capitalisation are determined by applying a capitalisation rate to the expenditure on that asset.

The Company suspends capitalisation of borrowing costs during extended periods in which it suspends active development of a qualifying asset.

2.7 Employee benefits:

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 recognised as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

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.

Remeasurements, comprising of actuarial gains and losses, experience adjustments and the return on plan assets is reflected immediately in the Balance Sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earning and is not reclassified to the Statement of Profit and Loss. Past service cost is recognised in the Statement of Profit and Loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements)
- net interest expenses or income and
- remeasurement

The Company presents the first two components of defined benefit costs in Statement of Profit and Loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the Balance Sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reduction in future contributions to the plans.

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 the Government Securities where the currency and terms of the Government Securities are consistent with the currency and estimated terms of the defined benefit obligation.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

2.8 Taxation:

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

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

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they are relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.9 Property, plant and equipment:

Initial recognition:

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and accumulated impairment losses, if any. Cost comprises of purchase/acquisition price net of any trade discounts and rebates, including any import duties and other taxes (other than those subsequently recoverable from the tax authorities) and any directly attributable cost of bringing the asset to its working condition for its intended use, including relevant borrowing costs for qualifying assets and any expected cost of decommissioning.

Property, plant and equipment except freehold land held for use in the production, supply or administrative purposes, are stated in the Balance Sheet at cost less accumulated depreciation and accumulated impairment losses, if any.

Deemed cost on transition to Ind AS:

For transition to Ind AS, the Company has elected to continue with the carrying value for all of its property, plant and equipment recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

Depreciation:

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using straight-line method as per the useful lives prescribed in Schedule II to the Companies Act, 2013.

Freehold land is not depreciated

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciate them separately based on estimates of their specific useful lives.

Derecognition:

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in Statement of Profit and Loss.

Property, plant and equipment retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately.

2.10 Intangible assets:

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised on a straight-line basis over their estimated useful lives.

Useful lives of intangible assets:

Estimated useful lives of intangible assets are as follows:

Computer software	3 years
Designs and drawings	3 years

Deemed cost on transition to Ind AS:

For transition to Ind AS, the Company has elected to continue with the carrying value for all of its Intangible assets recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

Derecognition:

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from use or disposal. Gain or loss arising from derecognition of an Intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2.11 Impairment of property, plant and equipment and intangible assets other than goodwill:

At the end of each reporting period, the Company reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, the corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

2.12 Inventories:

i. Inventories are valued at lower of cost and net realisable value. However items held for use in the production are not valued below cost if the finished goods in which these will be incorporated are expected to be sold at or above cost.

ii. Cost of raw materials comprises all costs of purchases (net of Input tax 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. Work-in-progress and finished goods inventories are valued as aforesaid based on estimated value of work completed on each project.

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

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

vi. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.13 Provisions:

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 recognised at the best estimate of the consideration required to settle the obligation at the reporting date.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flow (when the effect of the time value of money is material).

Onerous contracts:

Present obligations arising under onerous contracts are recognised and measured as provision. An onerous contract is considered to exist where the Company has a contract under which the unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

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.

2.14 Financial instruments:

Financial assets and liabilities are recognised when the Company becomes a part to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at Fair value through Profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Profit and Loss.

Financial assets at amortised cost:

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective interest method:

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as FVTPL. Interest income is recognised in the Statement of Profit and Loss.

Financial assets at fair value through profit or loss (FVTPL):

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. Gains or losses arising on remeasurement are recognised in the Statement of Profit and Loss. The net gain or loss recognised in the Statement of Profit and Loss incorporates any dividend or interest earned on the financial asset and is included in the Other income as separate line item.

Impairment of financial assets:

The Company recognises loss allowances using the Expected Credit Loss (ECL) model for the financial assets which are not fair valued through profit or loss. For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses. Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in the Statement of Profit and Loss.

Derecognition of financial assets:

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset in its entirety, the difference between the assets carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the Statement of Profit and Loss if such gain or loss would have otherwise been recognised in the Statement of Profit and Loss on disposal of that financial asset.

Foreign exchange gains and losses:

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost, the exchange differences are recognised in the Statement of Profit and Loss except for those which are designated as hedging instruments in a hedging relationship.

Financial liabilities and equity instruments:

Classification as debt or equity:

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities:

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities subsequently measured at amortised cost:

Financial liabilities that are not held - for trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

Foreign exchange gains and losses:

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are included in the Statement of Profit and Loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

Derecognition of financial liabilities:

The Company derecognises financial liabilities when, and only when the Company's obligations are discharged, cancelled or have expired. An exchange with a new lender or debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

Derivative financial instruments:

The Company enters into a foreign exchange forward contracts to manage its exposure to foreign exchange rate risk. Further details of derivative financial instruments are disclosed in Note 37.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Statement of Profit and Loss depends on the nature of hedging relationship and the nature of hedged item.

Hedge accounting:

The Company designates certain hedging instruments which include derivatives in respect of foreign currency risk as either cash flow hedge or fair value hedge. Hedges of foreign currency risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an on going basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

(i) Cash flow hedges:

The effective portion of the changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of 'Effective portion of cash flow hedges'. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit and Loss.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to effective portion as described above are reclassified to the Statement of Profit and Loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Statement of Profit and Loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the Statement of Profit and Loss.

(ii) Fair value hedges:

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any change in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in fair value of the designated portion of hedging instrument and the change in the hedged item attributable to hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

2.15 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.

2.16 Cash and cash equivalents:

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.

2.17 Earnings per share:

Basic and diluted earnings per share are calculated by dividing the net profit or loss after tax 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.

2.18 Operating cycle:

Based on the nature of products/activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current or non-current. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

2.19 First time adoption - mandatory exceptions, optional exemptions:

Overall principle:

The Company has prepared the opening Balance Sheet as per Ind AS as of April 1, 2016 (the transition date) by:

- recognising all assets and liabilities whose recognition is required by Ind AS;
- not recognising items of assets or liabilities which are not permitted by Ind AS;
- by reclassifying items from previous GAAP to Ind AS as required under Ind AS; and
- applying Ind AS in measurement of recognised assets and liabilities.

However, the principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below. Since, the Financial Statements are the first Financial Statements under Ind AS, the first time adoption - mandatory exceptions and optional exemptions have been explained in detail.

a) **Deemed cost for property, plant and equipment and intangible assets including capital work-in-progress and intangible assets under development:**

The Company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets including capital work-in-progress and intangible assets under development recognised as of April 1, 2016 (transition date) measured as per the previous GAAP as its deemed cost as at the date of transition.

b) **Leases:**

The Company has opted to apply Appendix C of Ind AS-17 - Determining whether an arrangement contains a lease, to determine whether the arrangements existing as on the transition date contains a lease, on the basis of facts and circumstances existing as at the transition date.

c) **Derecognition of financial assets and financial liabilities:**

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2016 (the transition date).

d) **Impairment of financial assets:**

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining at the date of transition to Ind AS, whether there have been significant increase in credit risk since initial recognition, as permitted by Ind AS 101.

e) **Hedge accounting:**

Hedge accounting can only be applied prospectively from the transition date to transactions that satisfy the hedge accounting criteria in Ind AS 109 at that date. Hedging relationships cannot be designated retrospectively and the supporting documentation cannot be created retrospectively. As a result, only hedging relationships that satisfied the hedge accounting criteria as of April 1, 2016 are reflected as hedge in the Company's results/Financial Statement under Ind AS.

The Company had designated various hedging relationships as cash flow hedge under the previous GAAP. On date of transition to Ind AS, the Company had assessed that all the designated hedging relationship qualifies for hedge accounting as per Ind AS 109. Consequently, the Company continues to apply hedge accounting on and after the date of transition to Ind AS.

2.20 Critical accounting judgements and key sources of estimation uncertainty:

In the course of applying the policies outlines in all notes under Section 2 above, the management of the Company is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period, if the revision affects current and future period.

In the following areas, the management of the Company has made critical judgements and estimates:

Revenue and profit recognition :

Recognition of revenue and profit from construction contracts is based on judgements made in respect of the ultimate profitability of a contract. Such judgements are arrived at through the use of estimates in relation to the costs and value of work performed to date and to be performed in bringing contracts to completion. These estimates are made by reference to changes in work scope, the contractual terms under which the work is being performed, including the recoverability of any unagreed income from variations and the likely outcome of discussions on claims and costs incurred. Management continually reviews the estimated final out-turn on contracts and makes adjustments where necessary. Based on the above, management believes it is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from these assumptions could require a material adjustment.

Useful lives of property, plant and equipment and intangible assets:

As described in Notes 2.9 and 2.10 above, the Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period. There was no change in the useful life of property, plant and equipment and intangible assets as compared to previous year.

Provisions and liabilities:

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgements to existing facts and circumstances which may be subject to change. The amounts are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability.

Contingencies:

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible but not probable of crystallising or are vey difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognised.

Taxes:

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilise. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Note 3 Property, plant and equipment

(₹ in lakhs)

Particulars	Land	Buildings			Plant and equipment							
	Freehold land	Factory road	Factory building	Office building	Plant and equipment	Electrical installations	Quality control equipment	Furniture and fixtures	Vehicle	Office equipment	Computers	Total
Cost or deemed cost												
Balance at April 01, 2016	**1,069.90**	**107.20**	**2,492.37**	**368.74**	**2,188.98**	**110.50**	**14.92**	**62.57**	**30.85**	**17.27**	**26.18**	**6,489.48**
Additions	–	52.68	36.26	0.44	64.05	–	–	3.54	27.74	16.98	93.27	294.96
Disposal	–	–	–	–	–	–	–	–	(12.54)	(0.75)	(0.23)	(13.52)
Balance at March 31, 2017	**1,069.90**	**159.88**	**2,528.63**	**369.18**	**2,253.03**	**110.50**	**14.92**	**66.11**	**46.05**	**33.50**	**119.22**	**6,770.92**
Additions	–	–	34.69	–	18.83	0.51	2.26	4.77	–	21.79	229.14	311.99
Disposal	–	–	–	–	–	–	–	(0.03)	–	(0.85)	(0.39)	(1.27)
Balance at March 31, 2018	**1,069.90**	**159.88**	**2,563.32**	**369.18**	**2,271.86**	**111.01**	**17.18**	**70.85**	**46.05**	**54.44**	**347.97**	**7,081.64**
Accumulated depreciation												
Balance at April 01, 2016	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Depreciation expense	–	(45.69)	(127.23)	(7.65)	(263.46)	(17.71)	(2.19)	(12.49)	(9.08)	(6.10)	(20.89)	(512.49)
Eliminated on disposals of assets	–	–	–	–	–	–	–	–	3.90	0.01	–	3.91
Balance at March 31, 2017	**–**	**(45.69)**	**(127.23)**	**(7.65)**	**(263.46)**	**(17.71)**	**(2.19)**	**(12.49)**	**(5.18)**	**(6.09)**	**(20.89)**	**(508.58)**
Depreciation expense	–	(34.40)	(101.91)	(7.71)	(290.86)	(15.35)	(2.20)	(14.77)	(6.72)	(9.97)	(69.70)	(553.59)
Eliminated on disposals of assets	–	–	–	–	–	–	–	0.01	–	–	0.11	0.12
Balance at March 31, 2018	**–**	**(80.09)**	**(229.14)**	**(15.36)**	**(554.32)**	**(33.06)**	**(4.39)**	**(27.25)**	**(11.90)**	**(16.06)**	**(90.48)**	**(1,062.05)**
Carrying value												
At March 31, 2018	**1,069.90**	**79.79**	**2,334.18**	**353.82**	**1,717.54**	**77.95**	**12.79**	**43.60**	**34.15**	**38.38**	**257.49**	**6,019.59**
At March 31, 2017	1,069.90	114.19	2,401.40	361.53	1,989.57	92.79	12.73	53.62	40.87	27.41	98.33	6,262.34
At April 01, 2016	1,069.90	107.20	2,492.37	368.74	2,188.98	110.50	14.92	62.57	30.85	17.27	26.18	6,489.48
Useful life of the asset (years)	NA	5-10	3-30	60	15	10	10	10	8	5	3-6	
Method of depreciation	NA	SLM	SLM	SLM	SLM	SLM	SLM	SLM	SLM	SLM	SLM	

Property, plant and equipment with a carrying amount of ₹ 3,856.69 lakhs (As at March 31, 2017: ₹ 4,247.97 lakhs, As at April 01, 2016: ₹ 4,586.46 lakhs), have been mortgaged as security for bank loans and non-fund based limits.

Notes forming part of the financial statements

Note 4 Intangible assets

(₹ in lakhs)

Particulars	Computer software	Designs and drawings	Total
Cost or deemed cost			
Balance at April 01, 2016	**6.20**	**–**	**6.20**
Additions	11.48	–	11.48
Disposals	–	–	–
Balance at March 31, 2017	**17.68**	**–**	**17.68**
Additions	56.52	–	56.52
Disposals	–	–	–
Balance at March 31, 2018	**74.20**	**–**	**74.20**
Accumulated amortisation			
Balance at April 01, 2016	**–**	**–**	**–**
Amortisation expense	(6.06)	–	(6.06)
Disposals	–	–	–
Balance at March 31, 2017	**(6.06)**	**–**	**(6.06)**
Amortisation expense	(38.73)	–	(38.73)
Disposals	–	–	–
Balance at March 31, 2018	**(44.79)**	**–**	**(44.79)**
Carrying value			
At March 31, 2018	**29.41**	**–**	**29.41**
At March 31, 2017	11.62	–	11.62
At April 01, 2016	6.20	–	6.20
Useful life of the asset (years)	3	3	
Method of amortisation	SLM	SLM	

Design and drawings block has been fully amortised.

Note 5 Investment

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
	Unquoted	Unquoted	Unquoted
Non-current			
Investment in equity instruments			
Nil (As at March 31, 2017: Nil, As at April 01, 2016: 4,000) shares of ₹ 10/- each fully paid up in Elbee Services Limited (Book value ₹ 1/-)	**–**	–	–
Nil (As at March 31, 2017: Nil, As at April 01, 2016: 34,000) shares of ₹ 10/- each fully paid up in Essem Coated Steels Limited (Book value ₹ 1/-)	**–**	–	–
Nil (As at March 31, 2017: Nil, As at April 01, 2016: 100,000) shares of ₹ 10/- each fully paid up in Elbee Airline Limited (Book value ₹ 1/-)	**–**	–	–
Total *	**–**	–	–
* Represents ₹ Nil (As at March 31, 2017: ₹ Nil, As at April 01, 2016: ₹ 3). Aggregate amount of unquoted investments	**–**	–	–

5.1 Category-wise other investments - as per Ind AS 109 classification

Financial assets carried at fair value through profit or loss (FVTPL)

Unquoted equity shares	**–**	–	–
	–	–	–

Notes forming part of the financial statements

Note 6 Trade receivables

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Trade receivables	**8,404.06**	5,060.56	13,143.96
Receivables from related parties (Refer Note 33)	**1,471.15**	183.75	33.90
Less: Allowance for doubtful trade receivables (specific)	**(637.42)**	(742.43)	(795.61)
Less: Allowance for doubtful trade receivables (expected credit loss)	**(222.83)**	(374.01)	(600.43)
Less: Loss arising on financial assets measured at amortised cost	**–**	(2.58)	(9.61)
Total	**9,014.96**	4,125.29	11,772.21
Non-current			
Trade receivables			
Unsecured, considered good	**–**	30.32	133.27
Unsecured, considered doubtful	**–**	–	3.97
	–	30.32	137.24
Less: Allowance for doubtful trade receivables	**–**	–	(3.97)
Total	**–**	30.32	133.27
Current			
Trade receivables *			
Secured, considered good	**1,398.99**	–	–
Unsecured, considered good	**7,615.97**	4,094.97	11,634.97
Unsecured, considered doubtful	**860.25**	1,116.44	1,396.04
	9,875.21	5,211.41	13,031.01
Less: Allowance for doubtful trade receivables (specific)	**(637.42)**	(742.43)	(795.61)
Less: Allowance for doubtful trade receivables (expected credit loss)	**(222.83)**	(374.01)	(596.46)
Total	**9,014.96**	4,094.97	11,638.94

* Trade receivables include retention monies of ₹ 2,714.21 lakhs (As at March 31, 2017: ₹ 864.50 lakhs, As at April 01, 2016: ₹ 3,552.33 lakhs)

Trade receivables have been hypothecated as security for bank loans and non-fund based limits.

In determining the allowance for doubtful trade receivable, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of days receivables (including retention) are due and the rates used in the provision matrix.

(₹ in lakhs)

Age of receivables	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Within Credit period			
Upto 1 year	**1,852.55**	85.54	2,511.32
Retention amounts not due			
Upto 1 year	**2,628.49**	347.94	1,773.51
1-2 Year	**85.68**	53.76	1,697.19
2-3 Year	**0.04**	66.05	227.47
3-4 Year	**–**	–	1.00
Outstanding (Default risk and time value delay)			
Upto 1 year	**3,019.53**	1,541.11	2,228.57
1-2 Year	**172.45**	211.86	3,339.51
2-3 Year	**4.11**	1,790.05	603.68
3-4 Year	**1,474.94**	405.57	–

(₹ in lakhs)

Movement in the expected credit loss allowance	As at March 31, 2018	As at March 31, 2017
Balance at beginning of the year	**1,116.44**	1,396.04
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	**(151.18)**	(226.42)
Movement in specific allowance on trade receivables during the year	**(105.01)**	(53.18)
Balance at end of the year	**860.25**	1,116.44

Note 7 Loans

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Non-current			
Unsecured considered good			
Loans to employees	**–**	0.18	0.51
Total	**–**	0.18	0.51
Current			
Unsecured considered good			
Loans to employees	**0.07**	0.33	0.35
Total	**0.07**	0.33	0.35

Note 8 Other financial assets

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Non-current			
(a) Security deposits	**22.35**	28.87	25.32
(b) Accruals			
Interest accrued on deposits	**3.90**	0.06	0.03
(c) Others			
Balances held as margin money (restricted with maturity more than 12 months)	**69.75**	0.35	0.35
Total	**96.00**	29.28	25.70
Current			
(a) Security deposits	**6.35**	4.00	6.00
(b) Accruals			
(i) Interest accrued on deposits	**90.95**	34.79	1.34
(ii) Interest accrued on sales tax refund	**27.35**	–	–
(c) Others			
(i) Receivables towards gratuity	**0.13**	0.93	0.91
(ii) Receivables on sale of property, plant and equipment	**–**	–	200.00
(iii) Other receivables	**118.27**	4.65	38.85
(iv) Foreign currency forward contracts - cash flow hedge	**3.78**	40.76	–
(v) Foreign currency forward contracts - fair value hedge	**–**	38.06	–
Total	**246.83**	123.19	247.10

Margin money deposit pertains to deposit given to banks for bank guarantees.

Notes forming part of the financial statements

Note 9 Non current tax assets (net)

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Advance income tax (net of provisions)	**460.77**	409.20	652.45
Total	**460.77**	409.20	652.45

Note 10 Other assets

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Non-current			
(a) Capital advances	**5.57**	2.51	–
(b) Prepaid expenses (Refer Note 36)	**305.82**	306.17	409.22
(c) Balances with government authorities			
(i) CENVAT credit receivable	**6.42**	6.42	–
(ii) Value Added Tax credit receivable	**569.79**	654.09	439.28
(iii) Service Tax credit receivable	**361.32**	361.32	–
Total	**1,248.92**	1,330.51	848.50
Current			
(a) Advances to related parties (Refer Note 33)	**185.86**	82.16	0.30
(b) Dues from customers on construction contracts	**5,983.01**	5,081.94	3,613.01
(c) Prepaid expenses	**122.94**	130.24	123.03
(d) Balances with government authorities			
(i) CENVAT credit receivable	**23.83**	125.04	194.43
(ii) Value Added Tax credit receivable	**429.37**	437.03	289.37
(iii) Service Tax credit receivable	**9.49**	186.50	212.83
(iv) GST credit receivable	**355.16**	–	–
Less: Allowance for doubtful advances/deposits	**(10.51)**	–	–
(e) Others			
(i) Advances paid to suppliers	**266.64**	653.90	133.44
(ii) Other advances	**12.62**	19.94	16.80
Total	**7,378.41**	6,716.75	4,583.21

Disclosure under Ind AS 11 "Construction contracts"

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Contract revenue recognised during the year	**29,025.35**	14,342.89	19,500.65
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) as at the end of the financial year for all contracts in progress as at that date	**44,920.13**	76,192.61	1,14,337.45
Advance from customers for contracts in progress as at the end of financial year	**16,354.05**	6,395.95	2,703.02
Retention monies for contracts in progress as at the end of financial year	**2,685.88**	449.29	3,686.41
Due from customers under construction contracts (Note 10)	**5,983.01**	5,081.94	3,613.01
Due to customers under construction contarcts (Note 23)	**1,959.03**	1,201.04	2,462.97

Notes forming part of the financial statements

Note 11 Inventories

(At lower of cost and net realisable value)

(₹ in lakhs)

Particulars		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
(a)	Construction materials	**1,070.91**	1,330.54	1,673.01
	Goods-in-transit	**2.01**	0.92	5.72
		1,072.92	1,331.46	1,678.73
(b)	Work-in-progress (Spares components)	**104.42**	60.84	118.77
(c)	Finished goods	**157.53**	382.92	244.76
(d)	Stores and spares	**106.98**	102.66	105.34
Total		**1,441.85**	1,877.88	2,147.60

The cost of inventories recognised as an expense during the year was ₹ 30.77 lakhs (for the year ended March 31, 2017: ₹ 201.81 lakhs).

The above inventories have been hypothecated as security for bank loans and non-fund based limits.

Note 12 Cash and cash equivalents

(₹ in lakhs)

Particulars			As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
(a)	Cash on hand		**5.98**	5.32	1.74
(b)	Cheques on hand		**–**	16.89	–
(c)	Balances with banks				
	(i)	In current accounts	**315.34**	120.34	110.34
	(ii)	In EEFC accounts	**5,116.88**	2,678.60	14.02
	(iii)	In bank deposit accounts	**6,805.53**	3,403.60	–
Total			**12,243.73**	6,224.75	126.10

Note 13 Bank balances other than Cash and cash equivalents

(₹ in lakhs)

Particulars		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
In earmarked accounts				
(a)	Unpaid dividend accounts	**4.68**	7.17	8.48
(b)	Balances held as margin money guarantees and other commitments	**560.69**	381.67	318.71
(c)	In term deposit accounts with maturity more than 3 months but less than 12 months at inception	**2,500.00**	–	
Total		**3,065.37**	388.84	327.19

Earmarked bank balance are restricted to use and it relates to unclaimed dividend and balances with banks held as margin money for security against letter of credit and guarantees.

Notes forming part of the financial statements

Note 14 Assets classified as held for sale

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Flat *	–	–	3.89
Total	–	–	3.89

* Includes ₹ Nil (As at March 31, 2017: ₹ Nil, As at April 01, 2016: ₹ 0.01 lakhs) being the cost of 10 shares of ₹ 50 each in Highland Park Co-operative Housing Society Limited.

Management of the Company had made a decision to sell a vacated flat owned by the Company and was actively looking for the buyer. Considering sales being highly probable, the carrying amount of the flat was expected to be recovered principally through a sale rather than continuing use therefore it had been classified as asset held for sale as at April 01, 2016. It had been sold during the previous year ended March 31, 2017. Company had recognised a gain of ₹ 63.70 lakhs on derecognition of the asset held for sale.

Note 15 Deferred tax assets (Net)

(₹ in lakhs)

Particulars	March 31, 2018	March 31, 2017	April 01, 2016
Deferred tax assets	702.25	1,108.75	1,206.24
Deferred tax liabilities	(617.46)	(617.38)	(611.14)
Deferred tax assets (net)	84.79	491.37	595.10

Movement in temporary differences

(₹ in lakhs)

Particulars	Balance as at April 01, 2016	Recognised in profit or loss during 2016-17	Recognised in OCI during 2016-17	Balance as at March 31, 2017	Recognised in equity during 2017-18	Recognised in OCI during 2017-18	Balance as at March 31, 2018
Deferred tax assets/(liabilities) in relation to:							
Property, plant and equipment and intangible assets	(611.14)	(3.24)	–	(614.38)	2.66	–	**(611.72)**
Provisions for employee benefits	92.26	37.78	–	130.04	(0.98)	30.73	**159.80**
Provisions for doubtful debts/advances	461.57	(92.44)	–	369.13	(78.43)	–	**290.70**
Carried forward business loss/ unabsorbed depreciation	621.29	(11.71)		609.58	(398.58)	–	**211.00**
Fair value of financial instruments	0.51	(2.26)	–	(1.75)	(3.99)	–	**(5.74)**
Other temporary difference	30.61	(18.38)	(13.48)	(1.25)	27.73	14.27	**40.75**
	595.10	(90.25)	(13.48)	491.37	(451.58)	45.00	**84.79**

Reconciliation of deferred tax liabilities (net):

(₹ in lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening balance as of April 1	491.37	595.10
Tax income/(expense) during the period recognised in profit or loss	(451.58)	(90.25)
Tax income/(expense) during the period recognised in OCI	45.00	(13.48)
Closing balance as at March 31	84.79	491.37

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities related to income taxes levied by the same tax authority.

Unrecognised, unused tax credits

(₹ in lakhs)

Particulars	March 31, 2018	March 31, 2017	March 31, 2016
Minimum Alternate Tax (MAT) credit	**455.71**	254.08	175.73

Note: The unrecognised MAT credit of ₹ 4.09 lakhs will expire in Assessment Year (AY) 2028-29, ₹ 148.85 lakhs in AY 2030-31, ₹ 22.79 lakhs in AY 2031-32, ₹ 78.35 lakhs in AY 2032-33 and ₹ 201.63 lakhs in AY 2033-34.

Unused MAT credit as on March 31, 2016 and March 31, 2017 are as per Income-tax returns filed by the Company for the respective financial years. Unused MAT credit as on March 31, 2018 is as per tax computation done by the Company.

Note 16 Share capital

(₹ in lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	Number of shares	₹ in lakhs	Number of shares	₹ in lakhs	Number of shares	₹ in lakhs
(a) Authorised						
Equity shares of ₹ 10/- each with voting rights	**8,000,000**	**800.00**	8,000,000	800.00	8,000,000	800.00
Preference shares of ₹ 100/- each	**200,000**	**200.00**	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	4,937,813	493.78
Total	**4,937,813**	**493.78**	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, 2018		As at March 31, 2017		As at April 01, 2016	
	Equity Shares		Equity Shares		Equity Shares	
	Number	₹ in lakhs	Number	₹ in lakhs	Number	₹ in lakhs
Shares outstanding at the beginning of the year	**4,937,813**	**493.78**	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	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	March 31, 2018	March 31, 2017	April 01, 2016
Equity shares with voting rights, fully paid	**Number of shares**	Number of shares	Number of shares
Cockerill Maintenance and Ingenierie SA, the Holding Company	**3,697,700**	3,697,700	3,697,700
CMI Industry Automation Private Limited, Subsidiary of the Holding Company	**5,500**	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, 2018		As at March 31, 2017		As at April 01, 2016	
	Number of shares held	**% holding**	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%	3,697,700	74.89%

Note 17 Other equity

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Securities premium reserve	**1,466.27**	1,466.27	1,466.27
General reserve	**9,075.03**	9,075.03	9,075.03
Retained earnings	**4,743.24**	4,132.56	3,630.49
Other Comprehensive income:			
Effective portion of cash flow hedges	**(1.58)**	27.28	(19.11)
Total	**15,282.96**	14,701.14	14,152.68

(a) Security premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

(b) General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to the Statement of Profit and Loss.

(c) Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

(d) The effective portion of cash flow hedges represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the designated portion of the hedging instruments that are recognised and accumulated under the heading of 'Effective portion of cash flow hedges' will be reclassified to profit or loss only when the hedged transaction affects the profit or loss.

Note 18 Trade payables

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Non-current			
Other than acceptances:			
Total outstanding dues of micro enterprises and small enterprises (Refer Note 40)	**0.29**	–	12.37
Total outstanding dues other than micro enterprises and small enterprises	**43.50**	29.76	34.82
Total	**43.79**	29.76	47.19
Current			
Other than acceptances:			
Dues to related parties (Refer Note 33)	**534.42**	122.04	263.67
Total outstanding dues of micro enterprises and small enterprises (Refer Note 40)	**947.00**	631.90	603.79
Total outstanding dues other than micro enterprises and small enterprises	**4,006.52**	2,879.99	5,287.92
Total	**5,487.94**	3,633.93	6,155.38

Credit period varies as per the contractual terms of various suppliers/vendors. No interest is generally charged by the suppliers/vendors. The Company has appropriate policy in place to ensure that all dues are paid within the credit terms agreed with the parties.

Note 19 Other financial liabilities

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Non-current			
Trade/security deposits received	**87.00**	–	87.00
Total	**87.00**	–	87.00
Current			
(a) Unpaid dividends *	**4.68**	7.17	8.48
(b) Other payables			
(i) Payables on purchase of fixed assets	**95.98**	77.90	44.65
(ii) Contractually reimbursable expenses	**11.04**	10.36	10.00
(iii) Trade/security deposits received	**2.00**	89.00	7.50
(iv) Gratuity (Refer Note 36)	**90.64**	6.81	–
(v) Foreign currency forward contracts - fair value hedge	**107.73**	–	–
(vi) Foreign currency forward contracts - cash flow hedge	**6.15**	–	19.11
Total	**318.22**	191.24	89.74

* The figures reflect the position as at year end. The actual amount to be transferred to the Investor Education and Protection Fund in this respect shall be determined on the due dates.

Notes forming part of the financial statements

Note 20 Provisions

(₹ in lakhs)

Particulars		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Non-current				
(a)	Provision for employee benefits:			
(i)	Provision for compensated absences (Refer Note 36)	**238.40**	204.29	186.68
(ii)	Provision for gratuity (Refer Note 36)	**11.93**	7.41	–
		250.33	211.70	186.68
(b)	Provision - Others:			
(i)	Provision for warranties	**38.04**	21.85	6.31
(ii)	Provision for estimated losses on contracts	**2.25**	3.40	–
		40.29	25.25	6.31
Total		**290.62**	236.95	192.99
Current				
(a)	Provision for employee benefits:			
	Provision for compensated absences (Refer Note 36)	**87.32**	68.20	34.13
		87.32	68.20	34.13
(b)	Provision - Others:			
(i)	Provision for warranties	**352.01**	372.86	981.02
(ii)	Provision for estimated losses on contracts	**118.76**	179.78	133.29
		470.77	552.64	1,114.31
Total		**558.09**	620.84	1,148.44

Movement in provisions:

(₹ in lakhs)

Particulars	Provision for warranties	Provision for estimated losses on contracts
As at April 01, 2016	**987.33**	**133.29**
Recognised during the year	133.89	170.06
Utilization during the year	(2.56)	–
Unused amount reversed	(723.95)	(120.17)
As at March 31, 2017	**394.71**	**183.18**
Recognised during the year	278.20	121.01
Utilization during the year	(37.10)	–
Unused amount reversed	(245.76)	(183.18)
As at March 31, 2018	**390.05**	**121.01**

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

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Provision for warranties	**352.01**	372.86	981.02
Provision for estimated losses on contracts	**118.76**	179.78	133.29

Provision for warranties

The Company gives warranties on certain products and services, undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. Provision made as at March 31, 2018 represents the amount of the expected cost of meeting such obligations of rectification/replacement. The timing of the outflows is expected to be within a period of one to three years from the date of Balance Sheet.

Notes forming part of the financial statements

Provision for estimated losses on contracts

In line with requirements of Ind AS 11 - Construction Contracts, when it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately in the Statement of Profit and Loss and provision for estimated loss is recognised in the Financial Statement.

Note 21 Current tax liabilities (Net)

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Provision for tax (net of advance tax)	52.86	8.13	8.13
Total	**52.86**	8.13	8.13

Note 22 Other non-current liabilities

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Advances from customers	3,950.25	195.00	1,162.79
Total	**3,950.25**	195.00	1,162.79

Note 23 Other current liabilities

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
(i) Statutory remittances (Contribution to PF and ESIC, Withholding Taxes, Excise Duty, Service Tax, VAT, GST etc.)	208.46	278.94	191.45
(ii) Interest accrued on GST	0.35	–	–
(iii) Advances from customers [Refer Note (i) below]	12,773.08	6,442.21	1,746.99
(iv) Dues to customers on construction contracts (Refer Note 10)	1,959.03	1,201.04	2,462.97
Total	**14,940.92**	7,922.19	4,401.41

Note (i): Advances from customers include related party:

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Cockerill Maintenance and Ingenierie SA, the Holding Company	6,932.32	2,337.13	313.98
Total	**6,932.32**	2,337.13	313.98

Notes forming part of the financial statements

Note 24 Revenue from operations

(₹ in lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Construction revenue [Refer Note (i) below]	**29,025.35**	14,342.89
(b) Sale of products (Spares components)	**1,310.39**	1,069.58
(c) Sale of services	**60.25**	56.64
(d) Other operating revenues [Refer Note (ii) below]	**427.47**	307.62
Total	**30,823.46**	15,776.73

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(i) Construction revenue comprises:		
Cold Rolling Mill	**1,388.88**	1,981.49
Continuous Annealing Line	**7,880.19**	688.03
Continuous Galvanizing Line	**12,880.20**	7,847.27
Acid Regeneration Plant	**127.10**	172.93
Tension Levelling Line	**28.02**	150.51
Electrolytic Cleaning Line	**–**	32.84
Pickling Line	**144.60**	250.84
Colour Coating Line	**4,804.91**	1,658.87
Wet Flux Line	**–**	37.03
HR Skin Pass Mill	**52.85**	280.52
Rewinding Line	**57.14**	–
Others	**1,661.46**	1,242.56
Total - Construction revenue	**29,025.35**	14,342.89
(ii) Other operating revenues comprise:		
Sale of scrap	**47.56**	36.72
Duty drawback and other export incentives	**290.65**	240.93
Others:		
Liquidated damages received	**74.51**	14.31
Shared services income	**14.75**	15.66
Total - Other operating revenues	**427.47**	307.62

Note 25 Other income

(₹ in lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Interest income earned on financial assets that are not designated as at fair value through profit or loss [Refer Note (i) below]	**348.95**	230.17
(b) Other non-operating income [Refer Note (ii) below]	**726.61**	1,121.93
(c) Net foreign exchange gains	**551.74**	61.49
Total	**1,627.30**	1,413.59

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(i) Interest income earned on financial assets that are not designated as at fair value through profit or loss comprises:		
Interest from banks on deposits (at amortised cost)	**311.65**	188.92
Interest on other financial assets carried at amortised cost	**0.04**	0.08
Interest on income tax refund	**8.65**	34.75
Interest on sales tax refund	**27.35**	–
Other interest	**1.26**	6.42
Total - Interest income	**348.95**	230.17
(ii) Other non-operating income comprises:		
Gain on sale of property, plant and equipment	**0.27**	67.93
Liabilities/provisions no longer required written back	**363.06**	795.30
Provision for trade receivables no longer required written back	**279.33**	50.00
Credit balances written back	**67.81**	191.58
Miscellaneous income	**13.56**	10.09
Gain/(loss) arising on financial assets designated as at amortised cost	**2.58**	7.03
Total - Other non-operating income	**726.61**	1,121.93

Note 26.a Construction materials consumed

(₹ in lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening stock	**1,331.46**	1,678.73
Add: Purchases*#	**19,847.06**	6,649.50
	21,178.52	8,328.23
Less: Closing stock	**1,072.91**	1,331.46
Construction material consumed	**20,105.61**	6,996.77

* Construction material consumed + Closing stock - Opening stock

Purchases include ₹ 5,967.18 lakhs (Year ended March 31, 2017: ₹ 1,769.25 lakhs) being cost of equipments bought and supplied directly to customer's site as a part of construction contracts.

Note:

Since the Company is a project management company and engaged in the business of putting up projects for its clients on turnkey basis, the Company is following percentage of completion method as prescribed under Ind AS-11 Construction contracts under which project stock, manufactured items and other direct costs are considered as project cost incurred till date. Purchases figure is derived figure. Inventory procured for a specific project is immediately booked to the project as consumed and is not considered as inventory. In view of the above, itemwise break-up for cost of materials consumed is not available in the system.

Notes forming part of the financial statements

Note 26.b Changes in inventories of finished goods and work-in-progress

(₹ in lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Inventories at the beginning of the year:		
Finished goods	**382.92**	244.76
Work-in-progress	**60.84**	118.77
	443.76	363.53
Inventories at the end of the year:		
Finished goods	**157.53**	382.92
Work-in-progress	**104.42**	60.84
	261.95	443.76
Net (increase)/decrease	**181.81**	(80.23)

Note 27 Employee benefits expense

(₹ in lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries and wages	**4,653.66**	4,335.84
Contributions to: (Refer Note 36)		
- Provident fund	**200.97**	179.04
- Superannuation fund	**40.56**	36.89
- Gratuity fund	**42.82**	20.91
Staff welfare expenses	**222.82**	182.30
Total	**5,160.83**	4,754.98

Note 28 Finance costs

(₹ in lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Interest expense on:		
(i) Borrowings	**–**	0.01
(ii) Others		
- Interest on delayed/deferred payment of income tax	**2.37**	–
- Interest on delayed/deferred payment of service tax	**–**	11.15
- Interest on excise duty	**–**	3.73
- Interest on sales tax	**–**	5.64
- Interest on custom duty	**–**	0.02
- Interest on delayed/deferred payment of GST	**0.48**	–
- Interest on delayed/deferred payment of PF	**0.38**	–
(b) Loss/(gain) arising on financial liabilities measured at amortised cost	**(9.31)**	0.19
(c) Other borrowing costs:		
Bank Charges	**97.07**	82.38
Total	**90.99**	103.12

Note 29 Depreciation and amortisation expenses

(₹ in lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Depreciation on property, plant and equipment (Refer Note 3)	553.59	512.49
Amortisation on intangible assets (Refer Note 4)	38.73	6.06
Total	**592.32**	518.55

Note 30 Other expenses

(₹ in lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Consumption of stores and spare parts	264.92	222.71
Increase/(Decrease) of excise duty on inventory	(195.22)	81.18
Project related expenses (Refer Note 40)	255.72	222.61
Labour and processing charges	764.51	562.49
Erection expenses	88.57	378.76
Power and fuel	203.95	184.30
Repairs:		
– Buildings	10.05	15.20
– Plant and machinery	37.02	32.21
– Others	214.42	208.28
Rent (Refer Note 35)	21.85	27.70
Rates and taxes	83.75	136.60
Insurance	38.80	45.87
Commission on sales	18.79	166.84
Unrealised loss on mark-to-market derivative contracts	145.79	–
Allowance for doubtful trade receivables	486.24	(226.42)
Brand fees	107.15	69.49
Warranties (Refer Note 20)	278.20	133.89
Liquidated damages	1.09	0.33
Estimated losses on contracts (Refer Note 20)	(62.16)	49.89
Packing and forwarding expenses	940.93	480.25
Travelling and conveyance	314.03	312.86
Postage, telex and telephone expenses	21.10	19.52
Expenditure on corporate social responsibility (Refer Note 40)	21.07	3.19
Provision for doubtful trade receivables set up in earlier year	463.10	3.18
Less: Provision utilised for bad debts	(463.10)	(3.18)
Allowance for doubtful advances/deposits	10.51	–
Payments to auditors [Refer Note (i) below]	90.96	88.83
Legal and professional [Refer Note (ii) below]	139.91	137.60
Bad trade and other receivables, loans and advances written off	14.21	16.65
Miscellaneous expenses	388.97	343.85
Total	**4,705.13**	3,714.68

Note:

(₹ in lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(i) Payments to the auditors comprises (net of service tax/GST input credit):		
To statutory auditors		
For audit	**54.50**	51.50
For taxation matters *	**12.07**	11.71
For other services *	**23.85**	24.61
Reimbursement of expenses *	**0.54**	1.01
Total	**90.96**	88.83
* Payments to the auditors for taxation matters, other services and reimbursement of expenses include ₹ 4.70 lakhs (Year ended March 31, 2017: ₹ 5.71 lakhs), ₹ 2.03 lakhs (Year ended March 31, 2017: ₹ 2.06 lakhs) and ₹ 0.03 lakh (Year ended March 31, 2017: ₹ 0.03 lakh) respectively as payment made to an affiliated firm.		
(ii) Legal and professional includes (net of service tax/GST input credit):		
To cost auditors for cost audit	2.00	2.00
Total	2.00	2.00

Note 31 Income tax recognised in profit and loss

(₹ in lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Current tax		
In respect of the current year	**201.63**	117.03
	201.63	117.03
Deferred tax		
In respect of the current year	**451.58**	90.25
Adjustments to deferred tax attributable to change in tax rates and laws	**–**	–
	451.58	90.25
Total income tax expense recognised in the Statement of Profit and Loss	**653.21**	207.28

Note 31.1 The reconciliation of estimated income tax expense at Indian Statutory income tax rate to income tax expense reported in Statement of Profit or Loss

(₹ in lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit before tax from continuing operation	**1,325.21**	786.33
Indian Statutory income tax rate	**33.384%**	33.063%
Income tax expense	**442.41**	259.98
Effect of expenses that are not deductible in determining taxable profit	**8.09**	1.79
Unrecognised deferred tax portion pertaining to carried forward losses recognised during the year	**–**	(130.89)
Others	**1.08**	(2.60)
MAT tax credit entitlement	**201.63**	79.00
Income tax expense recognised in the Statement of Profit and Loss	**653.21**	207.28

Notes forming part of the financial statements

Note 31.2 Income tax recognised in other comprehensive income

(₹ in lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Arising on income and expenses recognised in other comprehensive income:		
Re-measurement of the defined benefit obligations	30.73	–
Net loss/(gain) on designated portion of hedging instruments in cash flow hedge	14.27	(13.48)
Total deferred income tax expenses	45.00	(13.48)
Re-measurement of the defined benefit obligations	–	38.03
Total current tax expenses	–	38.03
Total income tax recognised in other comprehensive income	45.00	24.55
Bifurcation of the income tax recognised in other comprehensive income into:		
- Items that will not be reclassified to profit or loss	30.73	38.03
- Items that may be reclassified to profit or loss	14.27	(13.48)
	45.00	24.55

Note 32 Earnings per share (EPS)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Basic and Diluted		
Net Profit for the year attributable to the equity shareholders (₹ in lakhs)	672.00	579.05
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 (₹)	13.61	11.73
Earnings per share - Diluted (₹)	13.61	11.73

Note 33 Related party transactions

a)	**Enterprises exercising control**	
	Holding company	Cockerill Maintenance & Ingenierie SA
b)	**Other related parties with whom transactions have taken place during the year**	
	Fellow Subsidiaries (with whom the Company has made transactions during the year)	CMI Industry Automation Private Limited CMI UVK GmbH CMI Brasil Servicos CMI Engineering (Beijing) Co. Ltd. CMI India Engineering Private Limited
c)	**Key Management Personnel (KMP)**	Mr. Raman Madhok - Managing Director Mr. Joao Felix Da Silva - Chairman Non-Executive Independent Director: Mr. D. J. Balaji Rao, Mr. Raman M. Madhok, Mr. N. Sundararajan, Ms. Roma Balwani Non-Executive Director: Mr. Yves Honhon, Mr. Fabrice Orban
	Enterprises over which Key Managerial Personnel are able to exercise significant influence (with whom the Company has made transactions during the year)	Indo-Belgian Luxembourg Chamber of Commerce and Industry

Note: Related parties have been identified by the Management.

Note 33 Related party transactions (contd.)

33 d.1 Details of related party transactions during the year ended March 31, 2018 and balances outstanding as at March 31, 2018:

(₹ in lakhs)

Nature of transactions	Holding Company	Fellow Subsidiaries	KMP	Others	Total
Purchase of goods	266.26	1,552.56	–	–	1,818.82
	(-)	(564.76)	(-)	(-)	(564.76)
Receiving of services	–	20.74	–	–	20.74
	(-)	(-)	(-)	(-)	(-)
Sale of goods	7,869.53	–	–	–	7,869.53
	(1,612.45)	(-)	(-)	(-)	(1,612.45)
Shared services income	–	17.30	–	–	17.30
	(-)	(18.01)	(-)	(-)	(18.01)
Rendering of services	359.19	3.26	–	–	362.45
	(-)	(5.35)	(-)	(-)	(5.35)
Remuneration	–	–	501.32	–	501.32
	(-)	(-)	(435.24)	(-)	(435.24)
Sitting fees paid to non-executive directors	–	–	30.90	–	30.90
	(-)	(-)	(31.30)	(-)	(31.30)
Commission to non-executive directors	–	–	12.00	–	12.00
	(-)	(-)	(-)	(-)	(-)
Brand and technology fees	112.58	–	–	–	112.58
	(140.10)	(-)	(-)	(-)	(140.10)
Expenses reimbursement received	194.35	4.49	–	–	198.84
	(37.93)	(1.14)	(-)	(-)	(39.07)
Expenses reimbursement paid	107.14	–	–	–	107.14
	(0.10)	(6.31)	(-)	(-)	(6.41)
Books and Periodicals, Membership	–	–	–	0.10	0.10
	(-)	(-)	(-)	(0.20)	(0.20)
Balances outstanding at the end of the year:					
Trade receivables	1,466.91	4.24	–	–	1,471.15
	(179.76)	(3.99)	(-)	(-)	(183.75)
	[-]	[33.90]	[-]	[-]	[33.90]
Advance received from customers	6,932.32	–	–	–	6,932.32
	(2,337.13)	(-)	(-)	(-)	(2,337.13)
	[313.98]	[-]	[-]	[-]	[313.98]
Advances paid to suppliers	138.79	47.07	–	–	185.86
	(21.34)	(60.82)	(-)	(-)	(82.16)
	[-]	[0.30]	[-]	[-]	[0.30]
Prepaid expenses	–	–	–	–	–
	(0.29)	(-)	(-)	(-)	(0.29)
	[-]	[-]	[-]	[-]	[-]
Trade payables	206.54	327.88	–	–	534.42
	(14.48)	(107.56)	(-)	(-)	(122.04)
	[135.63]	[128.04]	[-]	[-]	[263.67]

Note: All above figures are inclusive of taxes. Figures in ( ) relates to the previous year. Figure in [ ] relates to April 01, 2016

Notes forming part of the financial statements

Note 33 Related party transactions (contd.)

33 d.2 The significant related party transactions are as under:

Nature of transactions	Fellow Subsidiaries	KMP	Others	₹ in lakhs
Purchase of goods	CMI Engineering (Beijing) Co. Ltd.			1,552.56 (-)
	CMI Industry Automation Private Limited			– (564.76)
Receiving of services	CMI UVK GmbH			20.74 (-)
Shared services income	CMI Industry Automation Private Limited			17.30 (18.01)
Rendering of services	CMI Industry Automation Private Limited			3.05 (2.75)
	CMI UVK GmbH			0.21 (-)
	CMI Brasil Servicos			– (2.60)
Remuneration		Raman Madhok		501.32 (435.24)
Expenses reimbursement received	CMI Industry Automation Private Limited			4.49 (1.14)
Expenses reimbursement paid	CMI Industry Automation Private Limited			– (6.31)
Books and Periodicals, Membership			Indo-Belgian Luxembourg Chamber of Commerce and Industry	0.10 (0.20)
Trade receivables	CMI Industry Automation Private Limited			4.03 (3.99) [3.90]
	CMI UVK GmbH			0.21 (-) [-]
	CMI Brasil Servicos			- (-) [2.94]
	CMI India Engineering Private Limited			- (-) [27.06]
Advances paid to suppliers	CMI Engineering (Beijing) Co. Ltd.			27.70 (60.82) [-]
	CMI Industry Automation Private Limited			19.37 (-) [0.30]
Trade payables	CMI Industry Automation Private Limited			27.76 (107.56) [128.04]
	CMI Engineering (Beijing) Co. Ltd.			293.77 (-) [-]
	CMI UVK GmbH			6.35 (-) [-]

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

Note 33 Related party transactions (contd.)

d.3 Details of transactions with Key Management Personnel

Nature of transactions	(₹ in lakhs)
Short Term Employee Benefits **	480.92 (406.44)
Post-Employment Benefits **	32.40 (28.80)
Total	**513.32** (435.24)

** As the future liabilities for gratuity and leave encashment are provided on an actuarial valuation basis for the Company as a whole, the amount pertaining to individual is not ascertainable and therefore not included above.

d.4 Sitting fees for attending board meeting paid to non-executive directors

Nature of transactions	(₹ in lakhs)
Mr. D. J. Balaji Rao	9.20 (9.90)
Mr. Raman M. Madhok	5.70 (6.40)
Mr. N. Sundararajan	9.50 (9.00)
Ms. Roma Balwani	6.50 (6.00)
Total	**30.90** (31.30)

d.5 Commission to non-executive directors

Nature of transactions	(₹ in lakhs)
Mr. D. J. Balaji Rao	3.00 (-)
Mr. Raman M. Madhok	3.00 (-)
Mr. N. Sundararajan	3.00 (-)
Ms. Roma Balwani	3.00 (-)
Total	**12.00** (-)

d.6 Terms and Conditions

i) All outstanding balances are unsecured and are repayable as per terms of credit and settlement occurs in cash.

ii) All related party transactions entered during the year were in ordinary course of business and on arms length basis.

iii) The Company has not recorded any impairment of receivables related to amounts owed by related parties.

Notes forming part of the financial statements

Note 34 Contingent liabilities and commitments (to the extent not provided for)

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
(i) Contingent liabilities			
(a) Claims against the Company not acknowledged as debt			
Service tax*	**16,587.22**	13,668.71	184.63
Sales tax**	**16.33**	16.33	16.33
Excise duty***	**305.36**	298.43	88.33
Taxation matters:			
1) Demands against the Company not acknowledged as debt and not provided for, relating to issues of deductibility and taxability in respect of which the Company is in appeal and exclusive of effect of similar matters in respect of assessments remaining to be completed:			
– Income-tax	**258.69**	577.34	577.34
2) Items in respect of which the Company has succeeded in appeal, but the Income-tax department is pursuing appeal and exclusive of effect of similar matters in respect of assessments remaining to be completed:			
– Income-tax	**448.82**	30.67	30.67
(b) Other matters for which the Company is contingently liable			
Advance licence - custom duty elements	**320.27**	25.19	26.23
Inland bill discounting	**–**	271.25	–
(ii) Commitments			
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for			
Property, plant and equipment	**80.20**	174.76	30.27
Intangible assets	**–**	16.06	–
(b) Amount of future minimum lease payment under non-cancellable agreements (Refer Note 35)	**–**	3.74	6.20

*Matters relating to:

(i) During the period April 2009 to July 2014, the Company had paid service tax on the commission charged by their non-resident commission agents for the services rendered in connection with sales of the Company's finished goods in overseas market and availed Cenvat Credit. The Central Excise department had issue a show cause notice dated September 26, 2014 for denial of wrongly availed Cenvat Credit of ₹ 184.63 lakhs (excluding interest, as applicable) of service tax paid as input service. The Company has replied to show cause notice.

(ii) During the period April 2010 to December 2014, the Company had paid service tax for services rendered and excise duty on dispatch of goods considering contracts as divisible contracts. Service tax department issued show cause notice dated October 21, 2015 for demanding service tax of ₹ 4,817.55 lakhs on contracts categorised as 'Works contracts' by the department on which excise duty of ₹ 10,510.51 lakhs had been paid. The Commissioner of Central Excise & Service Tax, Large Taxpayers Unit - Audit vide their order dated November 30, 2016 upheld the service tax liability of ₹ 4,817.55 lakhs, penalty of ₹ 4,817.65 lakhs and interest, as applicable, estimated to be ₹ 4,571.52 lakhs. An appeal has been filed by the Company before CESTAT, Mumbai vide appeal dated March 20, 2017. The Company has paid appropriate excise duty on goods manufactured and service tax on services rendered. The order is seen by the Company as a change of opinion by the department after higher bench judgement in one of the recent case. In continuance of the above matter, the Company has further received show cause notice dated December 22, 2017 for period January 2015 to March 2015 demanding service tax of ₹ 175.46 lakhs on which excise duty of ₹ 377.56 lakhs had been paid and show cause notice dated March 19, 2018 for the period April 2015 to June 2017 demanding service tax of ₹ 759.27 lakhs on which excise duty of ₹ 1,670.08 lakhs had been paid. The estimated penalty amount of ₹ 175.46 lakhs and ₹ 759.27 lakhs and interest, as applicable, of ₹ 86.83 lakhs and ₹ 239.58 lakhs respectively, will be applicable, in case the service tax demand is upheld by the department. The Company has duly replied to show cause notices received.

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

***Matter relating to non-reversal of proportionate Cenvat Credit on inventory shortages identified during the course of EA 2000 audit conducted for the period from April 2009 to March 2011.The Central Excise department had issued a show cause notice dated January 6, 2014 for ₹ 88.33 lakhs (excluding interest and penalty, as applicable). The Joint Commissioner of Central Excise & Service Tax, Large Taxpayer Unit - Audit vide their order dated January 31, 2017 upheld the excise duty liability of ₹ 88.33 lakhs, penalty of ₹ 88.33 lakhs and interest, as applicable, estimated to be ₹ 128.70 lakhs. An appeal has been filed by the Company before the Commissioner of Central Excise & Service Tax, Large Taxpayer Unit - Audit, Mumbai.

Note 35 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 regards to other non-cancellable operating lease for residential premises/godown, the future minimum rentals are as follows:

(₹ in lakhs)

Particulars	**As at March 31, 2018**	As at March 31, 2017	As at April 01, 2016
Future minimum lease payments			
not later than one year	–	3.74	6.20
later than one year and not later than five years	–	–	–
later than five years	–	–	–
Total	–	3.74	6.20
Lease payments recognised in the Statement of Profit and Loss	21.85	27.70	26.36

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

Note 36 Employee benefits

a) Defined contribution plan

Superannuation

All eligible employees are entitled to benefits under superannuation, a defined contribution plan. The Company makes quarterly contributions until retirement or resignation of the employee. The Company recognises such contributions as an expense when incurred. The company has no further obligation beyond its quarterly contribution.

Company's contribution to superannuation recognised in statement of profit and loss of ₹ 40.56 lakhs (for the year ended March 31, 2017 ₹ 36.89 lakhs) (included in Note 27).

Provident fund

All eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employees and employer (at a determined rate) contribute monthly. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulation. The contributions are made to registered provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation.

Company's contribution to provident fund recognised in statement of profit and loss of ₹ 200.97 lakhs (for the year ended March 31, 2017 ₹ 179.04 lakhs) (included in Note 27).

b) **Defined benefit plans:**

Gratuity (funded)

The Company sponsors funded defined benefit plans for all eligible employees. The defined benefit plan is administered by a separate fund that is legally separated from the entity.

Under the gratuity plan, the eligible employees are entitled to post-retirement benefit at the rate of 15 days salary for each year of service until the retirement age of 60 years, without any payment ceiling. The vesting period for gratuity as payable under The payment of Gratuity Act is 5 years.

Compensated absences

Under the compensated absences plan, leave encashment is payable to all eligible employees on separation from the Company due to death, retirement, superannuation, or resignation, at the rate of daily salary, as per current accumulation of leave days restricted to maximum 60 days.

The plans typically expose the Company to actuarial risks such as investment risk, interest rate risk, liquidity risk and salary escalation risk.

a) **Investment risk**

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to government bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in insurer managed funds.

b) **Interest rate risk**

The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).

c) **Liquidity risk**

This is the risk that the Company is not able to meet the short-term gratuity pay outs. This may arise due to non availability of enough cash / cash equivalents to meet the liabilities or holding of liquid assets not being sold in time.

d) **Salary escalation risk**

The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

No other post-retirement benefits are provided to these employees.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at March 31, 2018 by M/s. KP Actuaries and Consultants. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
A. Balance Sheet			
The assets, liabilities and (surplus)/deficit position of the defined benefit plan at the Balance Sheet date were:			
Present value of defined benefit obligation	**583.97**	444.43	309.28
Fair value of plan assets	**(481.40)**	(430.21)	(412.04)
Net liability/(asset) recognised in the Balance Sheet (Refer Note 19, 20 and 10)	**102.57**	14.22	(102.76)
B. Movements in present value of obligation and fair value of plan assets			
Change in defined benefit obligations (DBO) during the year			
Present value of DBO at beginning of the year	**444.43**	309.28	423.19
Current service cost	**41.76**	29.16	37.76
Interest cost	**33.09**	24.85	33.72
Re-measurement (or Actuarial) loss /(gain) arising from:			(126.87)
– change in financial assumptions	**62.79**	91.83	
– experience variance (i.e. Actual experience vs assumptions)	**28.79**	23.02	
Benefits paid	**(26.89)**	(33.71)	(58.52)
Present value of DBO at the end of the year	**583.97**	444.43	309.28
Change in fair value of assets during the year			
Plan assets at beginning of the year	**430.21**	412.04	394.94
Investment income	**32.03**	33.10	31.66
Actual company contributions	**46.52**	17.35	33.67
Benefits paid	**(26.89)**	(32.12)	(53.75)
Return on plan assets, excluding amount recognised in net interest expense	**(0.47)**	(0.16)	5.52
Plan assets at the end of the year	**481.40**	430.21	412.04
C. Statement of Profit and Loss			
Current service cost	**41.76**	29.16	37.76
Finance Cost			
Interest cost	**33.09**	24.85	33.72
Interest income (expected returns on plan assets)	**(32.03)**	(33.10)	(31.66)
Component of defined benefit cost recognised in statement of profit and loss (Refer Note 27)	**42.82**	20.91	39.82
Remeasurement of net defined benefit liability:			
-Actuarial losses/(gains) on defined benefit obligation	**91.58**	114.85	(132.39)
-Return on plan assets (excluding interest income)	**0.47**	0.16	–
Net impact on other comprehensive income (before tax)	**92.05**	115.01	(132.39)
Total	**134.87**	135.92	(92.57)
D. Composition of the plan assets is as follows:			
(percentage or value)			
Insurer managed funds	100.00%	100.00%	100.00%

The Plan does not invest directly in any property occupied by the Company or any financial securities issued by the Company.

E. Principal Actuarial assumptions

With the objective of presenting the plan assets and plan obligations of the defined benefits plans at their fair value on the Balance Sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

Discount rate	7.70%	7.45%	8.04%
Salary escalation	5.50%	4.00%	2.00%
Attrition			
Age (Years)			
21-30	5.00%	5.00%	5.00%
31-40	3.00%	3.00%	3.00%
41-59	2.00%	2.00%	2.00%
Mortality rates	Indian Assured Lives Mortality (2006-08) Ult table		
Estimate of amount of contribution in the immediate next year (₹ in lakhs)	150.31	52.74	–

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.

Interest income on plan asset is a component of the return on plan asset and is determined by multiplying the fair value of the plan assets by the discount rate specified in para 83, both as determined at the start of the annual reporting period, taking account of any changes in the plan assets held during the period as a result of contributions and benefit payments.

The estimate of future salary increase, considered in actuarial valuation, takes into acount the inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

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.

F. Experience adjustments:

(₹ in lakhs)

Gratuity	**2017-2018**	2016-2017	2015-2016	2014-2015	2013-2014
Present value of DBO	**583.97**	444.43	309.28	423.19	453.96
Fair value of plan assets	**481.40**	430.21	412.04	394.94	356.09
Funded status Surplus/(Deficit)	**(102.57)**	(14.22)	102.76	(28.25)	(97.87)
Experience (gain)/loss adjustments on plan liabilities	**28.79**	23.02	24.04	(23.48)	(25.67)
Experience gain/(loss) adjustments on plan assets	**(0.47)**	(0.16)	5.52	7.15	7.42

G. Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below.

Impact on Defined Benefit Obligation

(₹ in lakhs)

Particulars	**As at March 31, 2018**		As at March 31, 2017	
	Increase	**Decrease**	Increase	Decrease
Discount rate (1% movement)	**(49.30)**	**56.55**	(37.72)	43.26
Future Salary Growth (1% movement)	**57.23**	**(50.71)**	44.34	(39.24)
Attrition rate (1% movement)	**8.56**	**(9.60)**	11.19	(12.55)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is same as that applied in calculating the defined benefit obligation recognised in the Balance Sheet.

H. The Average Duration of the defined benefit obligation at the end of reporting period is 9 years.

Compensated absences

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Present value of unfunded obligation	**325.73**	272.49	220.80
Expense recognised in Statement of Profit and Loss	**60.14**	58.58	12.47
Discount rate percentage (p.a.)	**7.70%**	7.45%	8.04%
Salary escalation rate (p.a.)	**5.50%**	4.00%	2.00%

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

Note 37 Financial Instruments

37.1 Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the returns to stakeholders through the optimisation of the debt and equity balance. For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders. The Company is a debt free company and cash required for operation is managed through internal accruals.

37.2 Categories of financial instruments

(₹ in lakhs)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
		Carrying values	Carrying values	Carrying values
Financial Assets				
Measured at fair value through profit or loss (FVTPL)				
Derivative financial instruments	8	**–**	38.06	–
Measured at amortised cost				
i. Cash and cash equivalents	12	**12,243.73**	6,224.75	126.10
ii. Bank balances other than cash and cash equivalents	13	**3,065.37**	388.84	327.19
iii. Trade receivables	6	**9,014.96**	4,125.29	11,772.21
iv. Loans	7	**0.07**	0.51	0.86
v. Other financial assets	8	**339.05**	73.65	272.80
vi. Non-current Investments	5	**–**	–	–
Measured at fair value through other comprehensive income (FVTOCI)				
Derivative instruments in designated hedge accounting relationships (net)	8, 19	**–**	40.76	–
Financial Liabilities				
Measured at fair value through profit or loss (FVTPL)				
Derivative financial instruments	19	**107.73**	–	–
Measured at amortised cost				
i. Trade payables	18	**5,531.73**	3,663.69	6,202.57
ii. Other Financial Liabilities	19	**291.34**	191.24	157.63
Measured at fair value through other comprehensive income (FVTOCI)				
Derivative instruments in designated hedge accounting relationships (net)	8, 19	**2.37**	–	19.11

37.3 Financial risk management objective

The Company has a Risk Management Committee established by its Board of Directors for overseeing the Risk Management Framework and developing and monitoring the Company's risk management policies. The risk management policies are established to ensure timely identification and evaluation of risks, setting acceptable risk threshold, identifying and mapping controls against these risks, monitor the risks and their limits, improve risk awareness and transparency. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Company's activities to provide reliable information to the management and the Board to evaluate the adequacy of the risk management framework in relation to the risk faced by the Company.

The risk management policies aims to mitigate the following risk arising from the financial instruments:

– Market risk (includes foreign currency risk and price risk)

– Credit risk and

– Liquidity risk

37.4 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in the market prices. The Company in the ordinary course of its business is exposed to risks related to changes in foreign currency exchange rates.

The Company seeks to minimise the effect of these risks by using derivative financial instruments to hedge risk exposures. The Company does not enter into or trade financial instruments, including derivatives for speculation purposes.

37.5 Foreign currency risk management

The Company's functional currency is Indian Rupees (INR). The Company undertakes transactions denominated in foreign currencies; consequently, exposure to exchange rate fluctuations arise. Volatility in exchange rates affects the Company's revenue from export markets and the costs of imports, primarily in relation to raw materials. The Company is exposed to exchange rate risk under its trade portfolio.

Favourable movements in the exchange rates will conversely result in reduction in the Company's receivables in foreign currency. In order to hedge exchange rate risk, the Company hedge cash flows up to a specific tenure using forward exchange contracts in respect of imports and other payables, mostly, it covered by natural hedge. The Company uses forward foreign exchange contracts to hedge its exposure in foreign currency related to firm commitments and highly probable forecast transactions.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as under:

(₹ in lakhs)

Particulars	USD	EUR	CNY	CAD	GBP
As at March 31, 2018					
Assets	648.79	6,053.36	–	–	–
Liabilities	174.55	275.36	293.77	–	4.72
As at March 31, 2017					
Assets	1,448.38	1,453.97	–	–	–
Liabilities	189.62	62.00	–	–	–
As at April 01, 2016					
Assets	4,273.54	2.94	–	–	–
Liabilities	1,026.85	291.17	–	6.31	1.82

37.6 Foreign currency risk sensitivity

The following table details the Company's sensitivity to a 1% increase and decrease in the INR against the relevant major foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 1% change in foreign currency rates, with all other variables held constant. A positive number below indicates an increase in profit or equity where INR strengthens 1% against the relevant currency. For a 1% weakening of INR against the relevant currency, there would be a comparable impact on profit or equity and the balances below would be negative.

(₹ in lakhs)

Particulars	Increase			Decrease		
	March 31, 2018	March 31, 2017	April 01, 2016	March 31, 2018	March 31, 2017	April 01, 2016
Receivable						
USD	**6.49**	14.48	42.74	**(6.49)**	(14.48)	(42.74)
EUR	**60.53**	14.54	0.03	**(60.53)**	(14.54)	(0.03)
Payable						
USD	**(1.75)**	(1.90)	(10.27)	**1.75**	1.90	10.27
EUR	**(2.75)**	(0.62)	(2.91)	**2.75**	0.62	2.91
CNY	**(2.94)**	–	–	**2.94**	–	–
CAD	**–**	–	(0.06)	**–**	–	0.06
GBP	**(0.05)**	–	(0.02)	**0.05**	–	0.02

37.7 Forward foreign exchange contracts

The Company has adopted a Risk Management Policy approved by the Board of Directors for managing foreign currency exposure. The policy has approved use of forward contracts to manage the foreign currency risk.

The following table details the forward foreign currency (FC) contracts outstanding at the end of the reporting period.

Particulars	No. of contracts	Type	Foreign Currency (FC)	Amount in Foreign currency (In lakhs)	INR Equivalent (₹ in lakhs)	MTM gain / (loss) (₹ in lakhs)
As at March 31, 2018	15	Sell	USD	88.00	5,903.24	(2.37)
	15	Sell	EUR	61.06	4,873.55	(107.73)
As at March 31, 2017	2	Sell	USD	11.38	768.70	24.44
	6	Sell	EUR	50.00	3,688.87	54.38
As at April 01, 2016	3	Sell	EUR	10.15	762.95	(19.11)

37.8 Commodity price risk

The Company is exposed to movement in metal commodity price of steel. Our sales contracts are on fixed price basis. Profitability in case of firm price orders is impacted by movement in the prices of steel. The Company primarily purchases its raw materials in the open market from third parties. The Company either places long term firm price order with the suppliers or builds stock on need basis to mitigate the risk.

37.9 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in market interest rates. The Company is debt free Company and has not borrowed fund during the year from banks, therefore Company is not exposed to interest rate risk.

37.10 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

37.11 Trade receivables

Customer credit risk is managed centrally by the Company. The Company evaluates the creditworthiness based on publicly available financial information and the Company's historical experiences. Further, majority of the Company's customers are Companies with strong financial stability. Credit risk on receivables is also mitigated by securing the same against letters of credit of reputed banks. Trade receivables spread across diverse geographical areas with no significant concentration of credit risk. Outstanding trade receivables are regularly monitored and appropriate actions are taken for collection of overdue receivables. The Company's exposure to counterparties are continuously reviewed and monitored by the management. Credit period varies as per the contractual terms with the customers. No interest is generally charged on overdue trade receivables.

The Company directly reduces the gross carrying amount of financial assets when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The amount of financial assets are net of allowance for doubtful accounts, estimated by the Company and based, in part, on the age of specific receivable balance and the current and expected collection trends. The Company has used practical expedient by computing expected credit loss allowance for trade receivables by taking into consideration historic credit loss experience and adjusted for forward looking information. The expected credit loss is based on the ageing of the days and the expected credit loss rate.

Apart from the largest customer of the Company in Belgium (which is the parent company) and 3 major customers in India (which are Limited Companies), the Company does not have significant credit risk exposure to any single customer. Concentration of credit risk related to the customer in Belguim exceed 15% of the trade receivables of the Company and credit risk related to the 3 major customers exceeds 38%, 19% and 17% of the trade receivables of the Company. Concentration of credit risk to any other customer did not exceed 10% of the trade receivables of the Company at reporting date.

The history of trade receivables shows a negligible allowance for bad and doubtful debts.

37.12 Other financial assets

The Company maintains exposure in cash and cash equivalents, term deposits with banks, and derivative instruments. The Company attempts to limit the credit risk by only dealing with reputable banks having high-credit ratings assigned by credit-rating agencies. The Company's maximum exposure to the credit risk for the component of Balance Sheet as at March 31, 2018, March 31, 2017 and April 1, 2016 is the carrying amounts of each class of financial assets.

37.13 Liquidity risk management

Liquidity risk refers to the risk of financial distress or extraordinary high financing costs arising due to shortage of liquid funds in a situation where business conditions unexpectedly deteriorate and requiring financing. The Company requires fund both for short-term operational needs as well as for long-term capital expenditure growth projects. The Company generates sufficient cash flow for operations, which together with the available cash and cash equivalents and short-term investments provide liquidity in the short-term and long-term. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flow and by matching the maturity profiles of the financial assets and liabilities.

The Company regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short-term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in bank fixed deposits to optimise the cash returns on cash and cash equivalents while ensuring sufficient liquidity to meet its liabilities.

The following table gives details of the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table below has been drawn up based on the undiscounted cash flows of financial liabilities on the earliest date on which the Company can be required to pay. The table include both interest and principal cash flows.

(₹ in lakhs)

Liquidity exposure

Particulars	< 1 year	1-5 years	Total
As at March 31, 2018			
Financial liabilities			
Trade payable	5,487.94	43.79	5,531.73
Other financial liabilities	318.22	87.00	405.22
Total financial liabilities	**5,806.16**	**130.79**	**5,936.95**
As at March 31, 2017			
Financial liabilities			
Trade payable	3,633.93	29.76	3,663.69
Other financial liabilities	191.24	–	191.24
Total financial liabilities	**3,825.17**	**29.76**	**3,854.93**
As at April 01, 2016			
Financial liabilities			
Trade payable	6,155.38	47.19	6,202.57
Other financial liabilities	89.74	87.00	176.74
Total financial liabilities	**6,245.12**	**134.19**	**6,379.31**

The derivative assets and liabilities (refer notes 8 and 19) are having maturity within one year of the Balance Sheet date.

37.14 Collateral

Property, plant and equipment with a carrying amount of ₹ 3,856.69 lakhs (As at March 31, 2017: ₹ 4,247.97 lakhs, As at April 01, 2016: ₹ 4,586.46 lakhs), have been mortgaged as collateral security for bank loans and non-fund based limits.

The Company has access to various fund and non-fund based bank facilities. The amount of unused borrowing facilities (fund and non fund based) available for future operating activities and to settle commitments as at March 31, 2018 ₹ 14,738.96 lakhs (As at March 31, 2017 ₹ 13,347.90 lakhs, As at April 01, 2016 ₹ 16,757.43 lakhs).

37.15 Fair value measurement

Calculation of fair values

The fair values of the financial assets and liabilities are defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended March 31, 2017.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair value.

Financial assets and liabilities measured at fair value as at Balance Sheet date:

1. The fair values of the forward contracts used for expected future sale has been determined using forward pricing, based on present value calculations.

2. The Company has disclosed financial instruments such as trade receivables, cash and cash equivalents, other bank balances, loans to employees, other current financial assets, trade payables and other current financial liabilities at carrying value, because, their carrying amounts are a reasonable approximation of the fair values due to their short-term nature.

Level wise disclosure of financial instruments measured at fair values as at Balance Sheet date:

(₹ in lakhs)

Particulars	Fair value			Fair Value Hierarchy	Valuation technique(s) and Key Inputs
	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016		
Derivative instruments (Derivative instruments in designated Hedge accounting relationship - Hedges of Highly Forecasted sale/ purchases using foreign currency forward contracts)	(2.37)	40.76	(19.11)	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of counterparties.
Derivative instruments measured at fair value through profit or loss - forward contracts	(107.73)	38.06	–	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of counterparties.
	Liabilities	Assets	Liabilities		

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required):

The carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

Note 38 Segment information:

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

For management purpose, the Company comprise of only one reportable segment - Original equipment manufacturer and project management. Information is reported to and evaluated regularly by the Chief Operational Decision Maker (CODM) i.e. Managing Director for the purpose of resource allocation and assessing the performance of the business as a whole. The CODM reviews the Company's performance on the analysis of profit before tax at an overall entity level. Accordingly there is no other separate reportable segment as defined by Ind AS 108 "Operating Segments".

The information relating to revenue from external customers and location of non-current assets of the single reportable segment has been disclosed as follows:

a) Revenue from operations **(₹ in lakhs)**

Particulars	**For year ended March 31, 2018**	For year ended March 31, 2017
Within India	**17,106.09**	8,646.27
Outside India	**13,289.90**	6,822.84
Total	**30,395.99**	15,469.11

Revenue from operations have been allocated on the basis of location of customers.

₹ 10,666.94 lakhs, ₹ 7,904.11 lakhs and ₹ 6,137.61 lakhs is derived as revenue from each of the Company's three major customer.

b) Non-current operating assets

All Non-current assets other than financial instruments, deferred tax assets of the Company are located in India.

Note 39 Ind AS adoption:

The below notes explains the material adjustments made while transition from previous Accounting Standards to Ind AS

1 To Comply with the Companies (Accounting Standard) Rules, 2006, certain account balances have been regrouped as per the format prescribed under Division II of Schedule III to the Companies Act, 2013.

2 **Operating lease arrangements**

Under previous GAAP, the long term operating lease for leasehold land were considered under Property, plant and equipment. Under Ind AS, it is treated as part of prepaid expenses and amortised over the lease term.

3 **Other comprehensive income (OCI)**

Under Ind AS, all items of income and expense recognized in the period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Under Ind AS items of income and expense that are not recognised in profit or loss but are shown in the Statement of Profit and Loss as "Other comprehensive income" includes remeasurements of defined benefit plans, effective portion of gains and losses on cash flow hedging instruments. The concept of other comprehensive income did not exist under previous GAAP.

Remeasurements of post employment benefit obligation

Under previous GAAP, remeasurement of defined benefit plans (gratuity) arising primarily due to change in actuarial assumptions was recognised as employee benefit expenses in the Statement of Profit and Loss. Under Ind AS, such remeasurements changes relating to defined benefit plan is recognised in the OCI. This change does not affect equity but there is increase in profit before tax for the year ended March 31, 2017 by ₹ 115.01 lakhs and corresponding decrease in OCI along with the related tax charge of ₹ 38.03 lakhs.

Under previous GAAP, for designated hedging relationships, the Company has recognised mark to market gain on derivative and non-derivative instruments which are designated in hedging relationship under the Effective portion of cash flow hedges. Under Ind AS, movement in this reserve during the year ended March 31, 2017 of ₹ 46.39 lakhs (net of deferred tax of ₹ 13.48 lakhs) is shown under OCI.

4 **Financial assets/financial liabilities at amortised cost**

Certain financial assets held on with an object to collect contractual cash flows in the nature of principal and interest have been recognised at amortised cost on transition date as against historical cost under the previous GAAP with the difference being adjusted to the opening retained earnings. Interest income/expense is recognised during financial year March 31, 2017, using effective interest method.

5 **Deferred tax as per Balance Sheet approach**

Under previous GAAP, deferred tax was accounted using the income statement approach, on the timing differences between the taxable profit and accounting profit for the period. Under Ind AS, deferred tax is recognised following Balance Sheet approach on the temporary differences between the carrying amount of asset or liability in the Balance Sheet and its tax base. In addition, various transitional adjustments has also led to recognition of deferred taxes on new temporary differences.

6 **Excise duty**

Under the previous GAAP, excise duty on sale of goods was reduced from sales to present the revenue from operations. Whereas, under Ind AS, this excise duty is included in the revenue from operations and the corresponding expense is included as part of total expenses. The change does not affect total equity as at April 01, 2016 and profit for the year ended March 31, 2017.

7 **Provision for doubtful debts**

Under previous GAAP, the Company has created provision for doubtful debts on receivables on the basis of incurred loss. Under Ind AS, loss allowance on financial assets has been determined on the basis of Expected Credit Loss (ECL). Consequently, the Company has recognised ECL on its financial assets as at March 31, 2017 aggregating ₹ 374.01 lakhs (As at April 01, 2016 by ₹ 600.43 lakhs). The above has resulted in decrease in equity and financial assets as at March 31, 2017 by ₹ 374.01 lakhs (As at April 01, 2016 by ₹ 600.43 lakhs) and increase in profit before tax for the year ended March 31, 2017 by ₹ 226.42 lakhs.

8 **Retained earnings**

Retained earnings as at April 01, 2016 has been adjusted consequent to the above Ind AS transition adjustments.

Notes forming part of the financial statements

9 **Current tax**

Tax component on actuarial gains and losses which is transferred to other comprehensive income under Ind AS has been debited to the Statement of Profit and Loss.

10 The Ind AS adjustments are either non-cash adjustments or are regrouping among the cash flows from operating, investing and financing activities. Consequently, Ind AS adoption has no impact on the net cash flow for the year ended March 31, 2017 as compared with the previous GAAP.

Note 39 First-time Ind AS adoption reconciliations

39.1 Effect of Ind AS adoption on the Balance Sheet as at March 31, 2017 and April 01, 2016

(₹ in lakhs)

Particulars	Note No.	As at March 31, 2017			As at April 01, 2016 (Date of transition)		
		Previous GAAP	Effect of transition to Ind AS	As per Ind AS Balance Sheet	Previous GAAP	Effect of transition to Ind AS	As per Ind AS Balance Sheet
Non-current assets							
(a) Property, plant and equipment	1,2	6,595.29	(332.95)	6,262.34	6,828.73	(339.25)	6,489.48
(b) Capital work-in-progress		41.43	–	41.43	113.94	–	113.94
(c) Intangible assets		11.62	–	11.62	6.20	–	6.20
(d) Financial assets							
(i) Non-current investments							
(ii) Trade receivables	1,4,7	32.90	(2.58)	30.32	146.85	(13.58)	133.27
(iii) Loans		0.18	–	0.18	0.51	–	0.51
(iv) Other financial assets		29.28	–	29.28	25.70	–	25.70
(e) Deferred tax assets (Net)	1,5	359.53	131.84	491.37	385.92	209.18	595.10
(f) Non-current tax assets (Net)		409.20	–	409.20	652.45	–	652.45
(g) Other non-current assets	1,2	1,033.24	297.27	1,330.51	545.57	302.93	848.50
Total non-current assets		8,512.67	93.58	8,606.25	8,705.87	159.28	8,865.15
Current assets							
(a) Inventories		1,877.88	–	1,877.88	2,147.60	–	2,147.60
(b) Financial assets							
(i) Trade receivables	1,4,7	4,468.98	(374.01)	4,094.97	12,235.40	(596.46)	11,638.94
(ii) Cash and cash equivalents		6,224.75	–	6,224.75	126.10	–	126.10
(iii) Bank balances other than cash & cash equivalent		388.84	–	388.84	327.19	–	327.19
(iv) Loans		0.33	–	0.33	0.35	–	0.35
(v) Other financial assets		123.19	–	123.19	247.10	–	247.10
(c) Other current assets	1,2	6,711.09	5.66	6,716.75	4,577.56	5.65	4,583.21
		19,795.06	(368.35)	19,426.71	19,661.30	(590.81)	19,070.49
Assets classified as held for sale		–	–	–	3.89	–	3.89
Total current assets		19,795.06	(368.35)	19,426.71	19,665.19	(590.81)	19,074.38
Total Assets		28,307.73	(274.77)	28,032.96	28,371.06	(431.53)	27,939.53
Equity and liabilities							
Equity							
(a) Equity share capital		493.78	–	493.78	493.78	–	493.78
(b) Other equity		14,968.03	(266.89)	14,701.14	14,576.15	(423.47)	14,152.68
Total Equity		15,461.81	(266.89)	15,194.92	15,069.93	(423.47)	14,646.46

Particulars	Note No.	As at March 31, 2017			As at April 01, 2016 (Date of transition)		
		Previous GAAP	Effect of transition to Ind AS	As per Ind AS Balance Sheet	Previous GAAP	Effect of transition to Ind AS	As per Ind AS Balance Sheet
Liabilities							
Non-current liabilities							
(a) Financial liabilities							
(i) Trade payables	1,4	34.59	(4.83)	29.76	54.76	(7.57)	47.19
(ii) Other financial liabilities		–	–	–	87.00	–	87.00
(b) Provisions	1,4	240.00	(3.05)	236.95	193.48	(0.49)	192.99
(c) Other non-current liabilities		195.00	–	195.00	1,162.79	–	1,162.79
Total non-current liabilities		469.59	(7.88)	461.71	1,498.03	(8.06)	1,489.97
Current liabilities							
(a) Financial liabilities							
(i) Trade payables		3,633.93	–	3,633.93	6,155.38	–	6,155.38
(ii) Other financial liabilities		191.24	–	191.24	89.74	–	89.74
(b) Provisions		620.84	–	620.84	1,148.44	–	1,148.44
(c) Current tax liabilities (Net)		8.13	–	8.13	8.13	–	8.13
(d) Other current liabilities		7,922.19	–	7,922.19	4,401.41	–	4,401.41
Total current liabilities		12,376.33	–	12,376.33	11,803.10	–	11,803.10
Total liabilities		12,845.92	(7.88)	12,838.04	13,301.13	(8.06)	13,293.07
Total Equity and Liabilities		28,307.73	(274.77)	28,032.96	28,371.06	(431.53)	27,939.53

39.2 Reconciliation of total equity as at March 31, 2017 and April 01, 2016

(₹ in lakhs)

Particulars	Notes	March 31, 2017	April 01, 2016
Total equity (shareholders' fund) under previous GAAP		15,461.81	15,069.93
Effect of prior period adjustment in respect of property, plant and equipment		(30.01)	(30.67)
Restated total equity (shareholders' fund) under previous GAAP		**15,431.80**	**15,039.26**
Adjustments for doubtful trade receivables (expected credit loss)	7	(374.01)	(600.43)
Effective interest method accounting adjustments of non-current financial assets and liabilities as per Ind AS	4	5.30	(1.54)
Tax adjustments	5	131.83	209.17
Total adjustment to equity		**(236.88)**	**(392.80)**
Total Equity under Ind AS		**15,194.92**	**14,646.46**

39.3 Reconciliation of total comprehensive income for the year ended March 31, 2017

(₹ in lakhs)

Particulars	Notes	March 31, 2017
Net Profit/(Loss) as per previous GAAP		345.49
Effect of prior period adjustment in respect of property, plant and equipment		0.66
Restated profit under previous GAAP		**346.15**
Adjustments for doubtful trade receivables (expected credit loss)	7	226.42
Actuarial gain on employees defined benefit plans reclassified to OCI	3	115.01
Effective interest method accounting adjustments of non-current financial assets and liabilities as per Ind AS	4	6.84
Tax adjustments on above items	5	(115.37)
Net Profit for the year as per Ind AS		**579.05**
Other Comprehensive Income (net of tax)	3	(30.59)
Total Comprehensive Income under Ind AS		**548.46**

39.4 Effect of Ind AS adoption on Cash Flows for year ended March 31, 2017

(₹ in lakhs)

Particulars	Amount as per previous GAAP	Effects of transition to Ind AS	Amount as per Ind AS
Net cash generated from operating activities	5,977.09	–	5,977.09
Net cash generated from investing activities	172.03	–	172.03
Net cash used in financing activities	(1.32)	–	(1.32)
Net increase in Cash and cash equivalents	**6,147.80**	**–**	**6,147.80**

39.5 Effect of Ind AS adoption on the Statement of Profit and Loss for the year ended March 31, 2017

(₹ in lakhs)

Particulars	Note	Amount as per previous GAAP	Effects of transition to Ind AS	Amount as per Ind AS
Revenue				
Revenue from operations (gross)		15,776.73	–	15,776.73
Less: Excise duty	6	396.12	(396.12)	–
Revenue from operations (net)		**15,380.61**	**396.12**	**15,776.73**
Other income	4	1,406.56	7.03	1,413.59
Total revenue		**16,787.17**	**403.15**	**17,190.32**
Expenses				
(a) Construction materials consumed		6,996.77	–	6,996.77
(b) Changes in inventories of finished goods and work-in-progress		(80.23)	–	(80.23)
(c) Excise duty on sale of goods	6		396.12	396.12
(d) Employee benefits expense	3	4,869.99	(115.01)	4,754.98
(e) Finance costs	4	102.93	0.19	103.12
(f) Depreciation and amortisation expense	2	524.85	(6.30)	518.55
(g) Other expenses	2,7	3,935.46	(220.78)	3,714.68
Total expenses		**16,349.77**	**54.22**	**16,403.99**
Profit before exceptional item and tax		**437.40**	**348.93**	**786.33**
Exceptional item		–	–	–
Profit before tax		**437.40**	**348.93**	**786.33**
Tax expense:				
(a) Current tax	9	79.00	38.03	117.03
(b) Deferred tax	5	12.91	77.34	90.25
		91.91	**115.37**	**207.28**
Profit for the year before non-controlling interest		**345.49**	**233.56**	**579.05**
Other comprehensive income (net of tax)	3	–	(30.59)	(30.59)
Total Comprehensive income for the year		**345.49**	**202.97**	**548.46**

Note 40 Disclosure of additional information

(a) Corporate Social Responsibility (CSR) expenditure:

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

(i) Gross amount required to be spend during the year is ₹ Nil (Year ended March 31, 2017: ₹ 0.99 lakhs).

(ii) Amount spent during the year on:

(₹ in lakhs)

Particulars	In Cash	Yet to be paid in Cash	Total
Construction/acquisition of any asset	–	–	–
On purpose other than above	21.07	–	21.07

(b) Disclosure 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 lakhs)

Particulars	**As at March 31, 2018**	As at March 31, 2017	As at April 01, 2016
(a) Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the accounting year			
Principal	**–**	–	–
Interest	**–**	–	0.04
(b) The amount of interest paid along with the amount of payment made to the supplier beyond the appointed day during the year	**–**	–	–
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified	**–**	–	0.04
(d) The amount of interest accrued and remaining unpaid at the end of the year	**–**	–	0.04
(e) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise	**–**	–	–

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

(c) Project related expenses comprise:

(₹ in lakhs)

Nature of expense	For the year ended March 31, 2018	For the year ended March 31, 2017
Design and engineering charges	**100.79**	56.79
Testing and inspection	**28.37**	15.60
Transport charges (inward)	**88.20**	62.78
Crane hire charges	**18.57**	16.48
Clearing and forwarding expenses (import)	**14.32**	0.24
Technology fees	**5.43**	70.61
Cess on technology fees	**0.04**	0.11
Total	**255.72**	222.61

(d) Details of liabilities/provisions no longer required written back:

(₹ in lakhs)

Nature of expense	For the year ended March 31, 2018	For the year ended March 31, 2017
Reversal of provision for warranties	**245.76**	723.95
Reversal of provision for employee benefits	**110.56**	62.69
Expense provision reversal	**6.74**	8.66
Total	**363.06**	795.30

(e) Brand and Technology fees:

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

The Company has entered into an agreement with CMI SA for rights to use the CMI brand name. The Company pays 0.6% of net sales. The agreement is originally effective from January 1, 2010 for the tenure of 5 years and revised for another 5 years with effect from January 1, 2015.

(₹ in lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Technology fees	**5.43**	70.61
Brand fees	**107.15**	69.49

(f) Value of imports calculated on CIF basis:

(₹ in lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Raw materials, components, stores and spares	**5,547.12**	**610.13**

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.

(g) Expenditure in foreign currency (on accrual basis):

(₹ in lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Commission on sales, supervision and erection expenses, design and engineering services and consultancy charges	**66.12**	58.37
Travelling expenses	**88.81**	143.08
Brand and technology fees [including Income-tax deducted ₹11.26 lakhs (Year ended March 31, 2017: ₹ 14.01 lakhs)]	**112.58**	140.10
Others	**1.99**	58.73

(h) Earnings in foreign exchange:

(₹ in lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Export of goods calculated on FOB basis	**8,232.97**	6,362.90
Export of services	**359.86**	643.20

Note: Sales on CFR/CIF/CIP/CPT/DAP basis has been converted into FOB.

(i) 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

Joao Felix Da Silva
Chairman
DIN: 07662251

Raman Madhok
Managing Director
DIN: 00672492

Yves Honhon
Director
DIN: 02268831

Akash Ohri
Chief Financial Officer

Haresh Vala
Company Secretary

Place : Taloja
Date : May 30, 2018

PROXY FORM

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

CMI FPE LIMITED

CIN: L99999MH1986PLC039921
Registered Office: Mehta House, Plot No. 64, Road No. 13, MIDC, Andheri East, Mumbai 400 093

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

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

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

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

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

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 32nd Annual General Meeting of the Company, to be held on Friday, July 27, 2018 at 2.30 p.m at Mehta House, Plot No. 64, Road No. 13, MIDC, Andheri East, Mumbai 400 093 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Resolutions	Optional	
		For	Against
ORDINARY BUSINESS			
1	Adoption of Financial Statements, Reports of the Board of Directors and the Auditors for the financial year ended March 31, 2018		
2	Declaration of final and special dividend on the shares of the Company		
3	Re-appointment of Mr. Fabrice Orban (DIN 05114495), who retires by rotation and, being eligible, offers himself for re-appointment		
4	Appointment of Auditors and fix their remuneration		
SPECIAL BUSINESS			
5	Ratification of remuneration payable to the Cost Auditor for the financial year 2018-19		
6	Omnibus prior approval for Material Related Party Transactions		

Affix
Revenue
Stamp

Signed this.. day of 2018

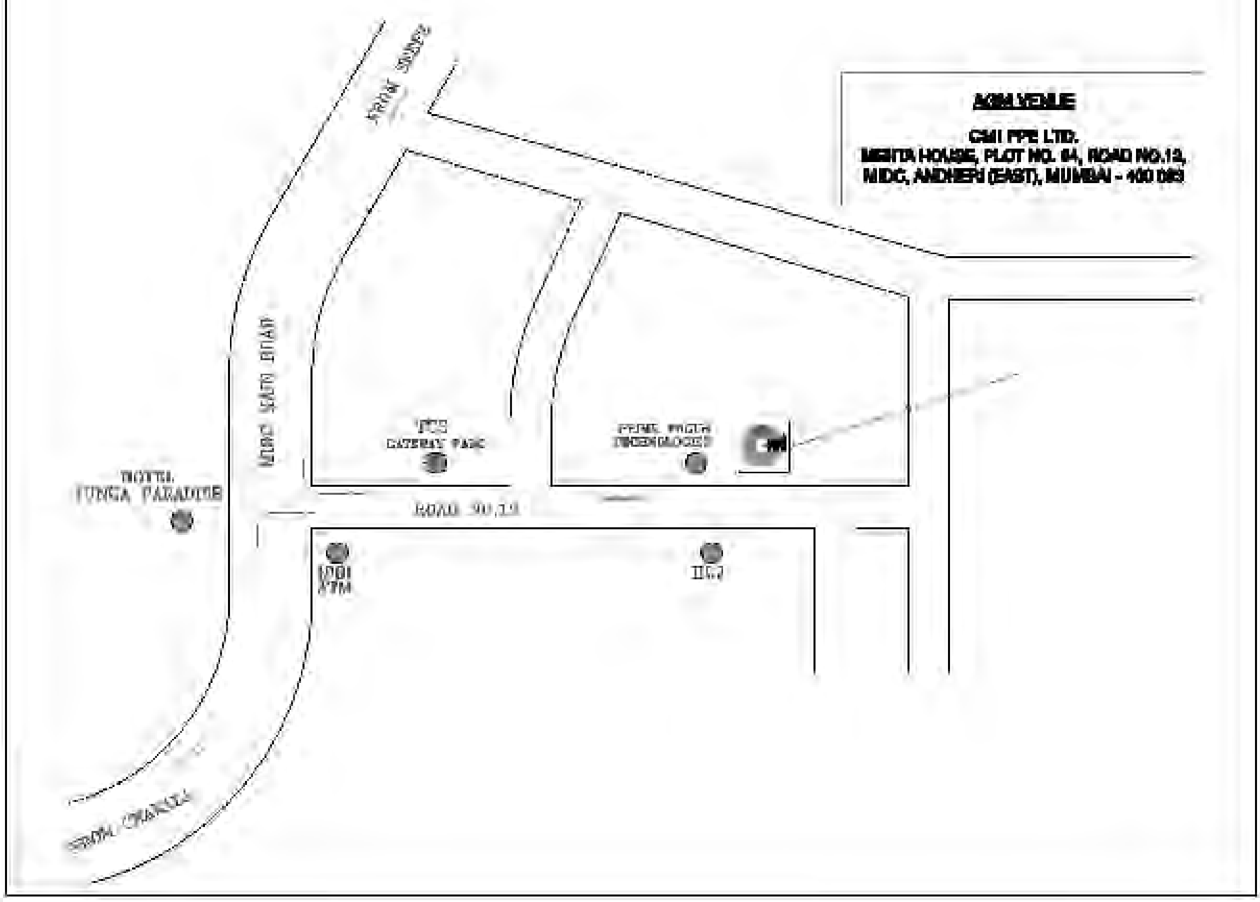
Signature of shareholder

(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.

ROUTE MAP FOR THE 32nd ANNUAL GENERAL MEETING VENUE



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

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Following in the footsteps of its founder, John Cockerill, the CMI Group is developing innovative and pragmatic solutions to tackle the challenges of its age. This has led it to design, integrate, modernize and maintain equipment for energy, defence, steel-making, the environment, transport and industry in general.

Present on all five continents, CMI numbers more than 5 500 experienced employees who combine expertise in engineering, maintenance and the management of technical international projects.

CMI FPE Limited

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