

FIGHTING SPIRIT



CMI INDUSTRY
Metals

CMI FPE Limited

Annual Report 2013-2014

FIGHTING SPIRIT

When the going gets tough, the tough get going

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

Tough times call for tough measures

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

Demonstrating the 'Fighting Spirit'

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

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

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Message from Chairman

Dear Shareholders,

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

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

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



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

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

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

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

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

Yours Sincerely,
Jean-Marc Kohlgruber

Corporate Information

BOARD OF DIRECTORS

Mr. Jean-Marc Kohlgruber – Chairman

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

Mr. Yves Honhon

Mr. D. J. Balaji Rao

Mr. R. N. Tandon

Mr. Raman M. Madhok

Mr. N. Sundararajan

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

BANKERS

Canara Bank

ING Vysya Bank Ltd.

ICICI Bank Ltd.

Union Bank of India

HDFC Bank Ltd.

REGISTRAR AND SHARE TRANSFER AGENT

Sharepro Services (India) Private Limited

CHIEF FINANCIAL OFFICER

Mr. Akash Ohri

COMPANY SECRETARY

Mr. Sanjay Kumar Mutha

AUDITORS

Deloitte Haskins & Sells,

Chartered Accountants

COST AUDITOR

Kishore Bhatia & Associates,

Cost Accountants

LEGAL ADVISORS

PDS & Associates,

Advocates & Solicitors

REGISTERED OFFICE

Mehta House, Plot No. 64,

Road No. 13, MIDC,

Andheri (E), Mumbai – 400 093

Notice

Notice is hereby given that the Twenty-eighth Annual General Meeting of the Members of CMI FPE Limited will be held at Mehta House, Plot No. 64, Road No. 13, MIDC, Andheri (E), Mumbai - 400 093 on Wednesday, July 30, 2014 at 2.30 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2014 and Statement of Profit and Loss for the year ended on that date, together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Jean-Marc Kohlgruber (DIN 02260024), who retires by rotation and, being eligible, offers himself for re-appointment.
3. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

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

SPECIAL BUSINESS

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

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

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

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

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

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

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

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

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

7. To appoint Mr. Fabrice Orban as a Director

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

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

8. To appoint Mr. Raman Madhok as a Director

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

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

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

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

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

Remuneration:

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

1. Basic Salary: ₹ 20.00 lacs per month.
2. Housing: Furnished rent free accommodation or house rent allowance in lieu thereof, house maintenance allowance, reimbursement of expenses, reimbursement of repairs, renovation and maintenance expenses of house, allowance or reimbursement for utilities such as gas, electricity, water, soft furnishing, hard furnishing and repairs, helper allowance and similar other allowances.

3. Club Fees: Reimbursement of membership fee for the clubs in India, including admission and life membership fee.
4. Other Allowances, Perquisites and Incentive: Subject to overall ceiling as aforesaid, the Managing Director shall have liberty to opt for such other allowances, perquisites and incentive as he deems fit including bonus, performance incentive, medical reimbursement, leave travel concession for self and family, provision of car for his personal use and such other allowances, benefits, amenities and facilities, etc., as per the Company’s Rules or as may be agreed to between the Board of Directors and the Managing Director.
5. The Managing Director will also be a member of the Group Medical and Personal Accident Insurance policies of the Company.
6. The appointment is terminable by giving not less than six months’ notice in writing on either party or as may be agreed by the Board.

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

- Earned leave with full pay or encashment, as per rules of the Company.
- The Managing Director shall also be provided for official use telephone, fax, internet connectivity, mobile phone connections with handset(s) and other communication facilities at residence (including payment for local calls and long distance calls).
- Reimbursement of expenses incurred for the business of the Company.

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

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

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

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

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

10. To approve borrowing limits of the Company

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

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

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

11. To create charges on the assets of the Company

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