

25th
Annual Report



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CORPORATE INFORMATION

BOARD OF DIRECTORS

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

CHIEF FINANCIAL OFFICER

Mr. Prasad Jahagirdar

COMPANY SECRETARY

Mr. Sanjay Kumar Mutha

AUDITORS

Deloitte Haskins & Sells
Chartered Accountants

LEGAL ADVISORS

PDS & Associates
Advocates & Solicitors

BANKERS

Canara Bank
Union Bank of India
ING Vysya Bank
ICICI Bank

25TH ANNUAL GENERAL MEETING

will be held on Saturday, July 30, 2011
at 3.30 p.m. at Mehta House, Plot No.64,
Road No.13, MIDC, Andheri (E),
Mumbai – 400 093

CORE MANAGEMENT TEAM

Mr. Raman Madhok
Mr. Jean Gourp
Mr. Anand Kumar
Mr. Satish Avhad
Mr. K. Anil Kumar
Mr. Vijay Karayi
Mr. Ketan Apte
Mr. Prasad Jahagirdar
Mr. Sunil Kamat
Mr. Anjan Chakraborty

REGISTERED OFFICE

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

WORKSHOPS

(Unit No.I)

A-84/2,3 & A-16, M.I.D.C.,
Taloja Industrial Area,
Taluka: Panvel, Dist: Raigad
Maharashtra – 410 208

(Unit No.II)

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

REGISTRAR AND SHARE TRANSFER AGENT

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



Pre-assembled furnace for Galvanising Line

MESSAGE FROM THE CHAIRMAN'S DESK

Dear Shareholders,

At the outset I would like to thank you all for your unstinted support to the Company as it completed 25 years of its incorporation on May 28, 2011. Many of you have had long association as a shareholder of the Company, as it progressed in its journey and am sure have been satisfied with the rewards reaped as a result thereof.

I am pleased to share with you that the Company post its integration is now getting ready for increasing its capacity by nearly 50% in next twelve months through a major expansion program started in October, 2010 at Taloja Workshop. We have also completed acquisition of a new plant site near Khopoli in Maharashtra for our future needs. We knew we are on the right track for capacity increase as the steel industry is poised to grow in double digits for next several years. This financial year will see steel capacity growing by atleast 15% with an addition of 12 Million tonnes of new capacity out of which nearly 9.5 Million tonnes is in the hot roll coils production. Most of these steel producers are in touch with us for building up the corresponding downstream value added steel manufacturing capacities.



I am also encouraged by the recent report by a foreign bank which predicts that India has the fundamentals to emerge a winner in the super cycle, potentially becoming the world's third largest economy by 2030 growing on an average 9.3% year on year faster than China over the next two decades. It also states that India's nominal GDP could top USD 30 trillion by 2030 against its current level of around USD 1.7 trillion. By 2030, India could be 8 times bigger than it is today, while China is estimated to grow 4 times bigger and EU and USA about two times. I see lot of opportunities for your Company as India prospers backed by the demographic advantage of half its population below the age of 25 years with rising per capita income. This will ensure a strong domestic demand for value added steel for consumer goods, housing, construction and automotive applications that the Indian steel industry will have to produce using equipments designed and manufactured by a company like yours.

However, we need to remain focused on the continuous improvement of our processes and retain our people to further enhance our profits for everyone's prosperity. The successful collaborative efforts with personnel from CMI Group has lead to enhanced satisfaction for our customers through better products and more efficient services.

In the coming years, CMI FPE expects to still strengthen its position as a preferred supplier of equipments to global steel producers in their quest to manufacture value added steel products in a competitive and environment friendly manner.

I am sure you will continue to support us as we strive to maximize stakeholder value. We will continue to hold in high esteem and uphold the trust you have placed in us.

Sincerely,

Jean-Marc Kohlgruber
Chairman



6-Hi-Reversing Cold Rolling Mill

NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTY-FIFTH 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 SATURDAY, JULY 30, 2011 AT 3.30 P.M. TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2011 and the Profit and Loss account for the year ended on that date, together with the Reports of the Board of Directors and the Auditors thereon.
2. To declare dividend on equity shares for the year 2010 - 11.
3. To appoint a Director in place of Mr. Jean-Marc Kohlgruber, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. D. J. Balaji Rao, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

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

SPECIAL BUSINESS

6. APPOINTMENT OF MR. N. SUNDARARAJAN 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 in accordance with the provisions of section 257 and all other applicable provisions, if any, of the Companies Act, 1956 ("the Act"), Mr. N. Sundararajan who was appointed as an Additional Director on October 28, 2010, and who ceases to hold office as per the provisions of section 260 of the Act at the ensuing Annual General Meeting, and in respect of whom the Company has received a Notice in writing from a shareholder, proposing his candidature for the office of Director, be appointed a Director of the Company, liable to retire by rotation."

7. RE-DESIGNATION OF MR. JEAN GOURP AS MANAGING DIRECTOR AND REVISION OF REMUNERATION

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

"RESOLVED THAT in partial modification of Resolution No. 8 passed at the Annual General Meeting of the Company held on July 31, 2010 and pursuant to the provisions of sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions if any, of the Companies Act, 1956, (hereinafter referred to as "the said Act", which shall include any statutory modification or re-enactment thereof) and subject to the approval of the Central Government, if necessary, 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 re-designation of Mr. Jean Gourp as the 'Managing Director' of the Company and the revision of remuneration payable to Mr. Jean Gourp as Managing Director with effect from August 24, 2011 for the remaining period of his tenure i.e. up to May 19, 2015, as stipulated herein below:

REMUNERATION

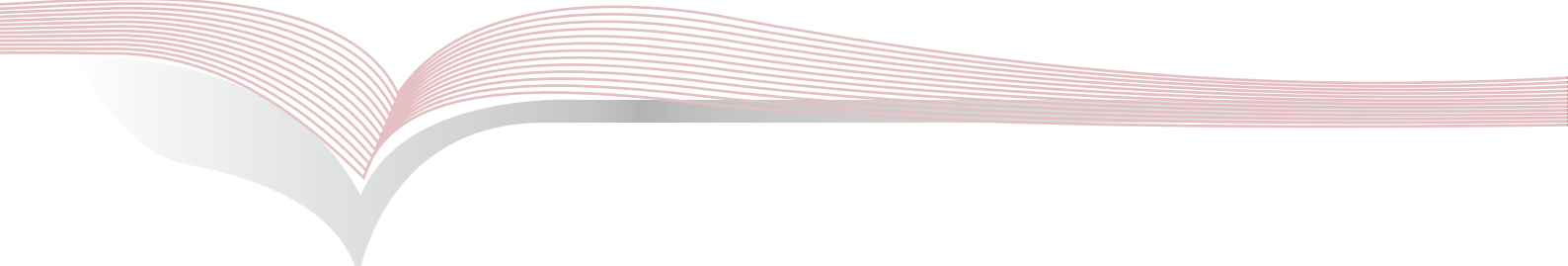
Total Remuneration: Not exceeding an overall ceiling of ₹ 20.00 Lacs per month.

Basic Salary: ₹ 5.00 Lacs per month.

In addition to the salary, the Managing Director shall also be entitled to the following Allowances and Perquisites in accordance with the Rules of the Company:

Allowances and Perquisites:

1. 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.
2. Children Education Allowance: Reimbursement of school fees.

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3. Club Fees: Reimbursement of membership fee for the clubs in India, including admission and life membership fee.
 4. Other Allowance and Perquisites: Subject to overall ceiling on allowances and perquisites, as aforesaid, Mr. Jean Gourp shall have liberty to opt for such other allowances and perquisites as he deems fit including bonus, performance incentive, medical reimbursement, leave travel concession for self and family, medical insurance, 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 Mr. Jean Gourp.

Subject to the provisions of the Companies Act, 1956, perquisites and allowances shall be evaluated as per Income Tax Rules, 1962 wherever applicable, and at cost, in the absence of any such Rule.

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

- (i) Mr. Jean Gourp shall also be entitled to (i) the Company's contribution to Provident Fund not exceeding 12% of the basic salary as per the Company's policy or such other rate as may be prescribed by the Government from time to time, to the extent not taxable under the Income Tax Act, 1961 (ii) Gratuity payable as per the rules of the Company and (iii) Earned leave with full pay or encashment as per rules of the Company.
- (ii) Mr. Jean Gourp shall also be provided for official use a chauffeur driven Company car, telephone, fax, internet connectivity, mobile phone connection with handset and other communication facilities at residence (including payment for local calls and long distance calls).
- (iii) Reimbursement of expenses incurred for the business of the Company.

FURTHER RESOLVED THAT 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 by way of salary, perquisites and other allowances and benefits as specified above, subject to the receipt of the requisite approvals, if any.

FURTHER RESOLVED THAT the Board of Directors of the Company (hereinafter referred to as the 'Board' which term shall be deemed to include the Remuneration Committee thereof, for the time being exercising the powers conferred on the Board by this Resolution) be and is hereby authorized to vary, amend, modify and revise from time to time the amount of and type of remuneration, perquisites and allowances within the overall limit, as may be desired appropriate, in accordance with the general policy 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 settle any questions, difficulties or doubts that may arise in this regard."

NOTES:

1. Explanatory Statement as required under section 173(2) of the Companies Act, 1956 is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
3. The Register of Members and Share Transfer Books of the Company will be closed from July 16, 2011 to July 30, 2011 (both days inclusive).
4. The dividend, if declared at the Annual General Meeting, will be paid on or before August 12, 2011 to those persons or their mandates:
 - (a) whose names appear as Beneficial Owners as at the end of the business hours on July 16, 2011 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form; and
 - (b) whose names appear as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company/its Registrar and Transfer Agents on or before July 16, 2011.
5. The Company's Registrar and Transfer Agents for its Share Registry Work (Physical and Electronic), are Sharepro Services (India) Private Limited having their office premises at 13AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (E), Mumbai – 400 072.
6. Any members who would like to ask any questions on the Annual financial statements are requested to send their questions to the Registered Office at least 10 days before the Annual General Meeting to enable the Company to answer the question satisfactorily.

7. Pursuant to the provisions of section 205A of the Companies Act, 1956, dividends that are unclaimed for a period of seven years are required to be transferred to the Investors Education and Protection Fund (IEPF). An amount of ₹ 128,673/- being unclaimed dividend of the Company for the financial year ended March 31, 2003 was transferred to IEPF and no claim lies against the Company in respect thereof.

The final dividend for the financial year ended March 31, 2004 will become due for transfer to Investor Education and Protection Fund ("IEPF") in October, 2011. Members who have not encashed the Dividend Warrants so far for the said period or any subsequent financial years are requested to make their claim to Sharepro Services (India) Private Limited at the above-mentioned address. It may be noted that once the amounts in the Unpaid Dividend Accounts are transferred to Investor Education and Protection Fund, no claim shall lie against the Fund or the Company in respect thereof and the Members would lose their right to claim such dividend.

8. Members can avail themselves of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of section 109A of the Companies Act, 1956. Members desiring to avail themselves of this facility may send their nominations in the prescribed Form No. 2B duly filled in to Sharepro Services (India) Private Limited at the abovementioned address. Members holding shares in electronic form may contact their respective Depository Participants for availing this facility.
9. The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the depositories for depositing dividend through Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available. In the absence of ECS facilities, the Company will print the bank account details, if available, on the payment instrument for distribution of dividend. The Company will not entertain any direct request from shareholders holding shares in electronic form for deletion of/change in such Bank details. Further, instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in the electronic mode. Members who wish to change such Bank Account details are therefore requested to advise their Depository Participants about such change, with complete details of Bank Account.
10. The Company has the facility of electronic credit of dividend directly to the respective Bank Accounts of the Members through the Electronic Clearing Service (ECS) of the Reserve Bank of India. Members wishing to avail of this facility are requested to inform the Company's Registrar and Transfer Agents in the prescribed form and with the prescribed details. Shareholders located in places where ECS facility is not available may submit their Bank details. This will enable the Company to incorporate this information on the Dividend Warrants to protect against fraudulent encashment.
11. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively), has undertaken a "Green Initiative in Corporate Governance" and allowed companies to share documents with its shareholders through an electronic mode. Members are requested to support this green initiative by registering/updating their e-mail addresses, in respect of shares held in dematerialised form with their respective Depository Participants and in respect of shares held in physical form with the Company's Registrar and Transfer Agents, for sending/dispatching of various notices, communication and documents by the Company through electronic mode.
12. Members are requested to:
- inform the Company's Registrar and Transfer Agents, Sharepro Services (India) Private Limited at their above mentioned address, changes, if any, in their registered addresses at an early date, in case of shares held in physical form;
 - intimate to the respective Depository Participant, changes, if any, in their registered addresses at an early date, in case of shares held in demat form;
 - quote their folio numbers/Client ID/DP ID in all correspondence;
 - consolidate their holdings into one folio in case they hold shares under multiple folios in the identical order of names.

13. Re-appointment of Directors

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

By Order of the Board

Sanjay Kumar Mutha
Company Secretary

Mumbai
May 24, 2011

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

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956.

ITEM NO. 6

The Board of Directors of the Company ("the Board") at its meeting held on October 28, 2010 appointed Mr. N. Sundararajan as an Additional Director of the Company. Mr. N. Sundararajan holds office up to the date of the forthcoming Annual General Meeting of the Company.

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

Mr. N. Sundararajan, aged about 61 years, holds a Bachelor's Degree in Commerce and a Post Graduate Diploma in Business Management from XLRI, Jamshedpur. He is also a qualified Company Secretary and a Cost Accountant.

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

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

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

He does not hold any Equity Shares in the Company.

It is in the interests of the Company to avail of the services of Mr. N. Sundararajan as a Director of the Company.

Your Directors recommend the Resolution for approval by the Members.

Apart from Mr. N. Sundararajan, none of the other Directors of the Company is concerned or interested in this item of business.

ITEM NO. 7

The Board of Directors at its meeting held on May 20, 2010, appointed Mr. Jean Gourp as Deputy Managing Director of the Company for a period of five years with effect from May 20, 2010. The members also, at the Annual General Meeting held on July 31, 2010, had approved the above appointment and terms of remuneration of Mr. Jean Gourp as Deputy Managing Director.

In view of the resignation of Mr. Raman Madhok as Managing Director of the Company effective from August 23, 2011, the Board of Directors of the Company, at its Meeting held on May 24, 2011 has, pursuant to the approval of the Remuneration Committee of the Board, and subject to approval of the Members, approved the re-designation of Mr. Jean Gourp as Managing Director of the Company and the revision of remuneration payable to him, with effect from August 24, 2011 for the remaining period of his tenure i.e. up to May 19, 2015, on the terms and conditions including proposed remuneration as set out in the Special resolution at item 7 to the Notice.

Mr. Jean Gourp has been associated with the Company since June, 2008, first as Chief Operating Officer and then as the Deputy Managing Director. Mr. Jean Gourp has come from CMI Stalproekt in Moscow, where he was the Managing Director. He has, over the last twenty years, worked with International engineering companies in China, France, Gabon and India. He holds a Mechanical Engineering degree from I.N.S.A. Toulouse, France. He also went as an exchange student while doing his Engineering to pursue courses in Business Management at University of Surrey, UK.

He does not hold any Equity Shares in the Company.

In compliance with the requirements of section 302 of the Companies Act, 1956, an Abstract of the terms of appointment and the revised remuneration of Mr. Jean Gourp together with the Memorandum of Concern or Interest would be sent to the Members of the Company.

Pursuant to sections 198, 269, 309, 310 and all other applicable provisions of the Companies Act, 1956, including Schedule XIII, the revision of remuneration payable to Mr. Jean Gourp as Managing Director of the Company is now being placed before the Members in the Annual General Meeting for their approval.

Your Directors recommend this Resolution as a Special Resolution for approval by the Members.

Apart from Mr. Jean Gourp, none of the other Directors of the Company is concerned or interested in this item of business.