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 32nd 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 32nd 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.