

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 Familiarisation Programme for existing Directors

An appropriate induction programme for new Directors and an ongoing familiarisation 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=CorporateGovernance>.

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 Ingénierie

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)

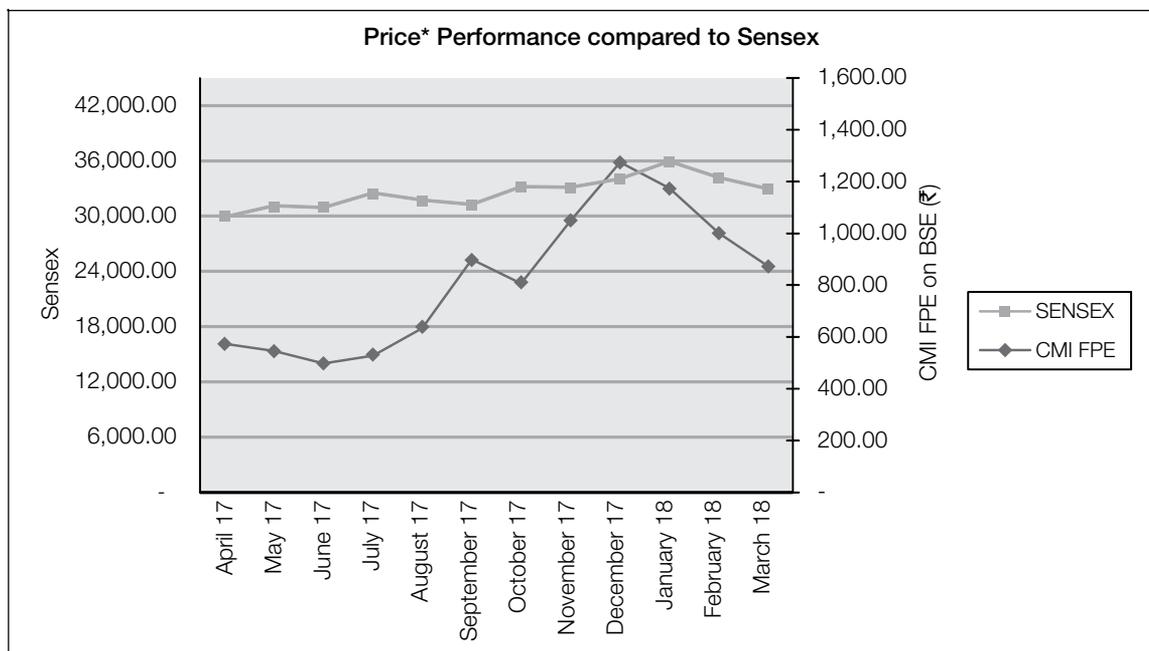
The Company's CIN as allotted by the Ministry of Corporate Affairs is L99999MH1986PLC039921.

(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 (FIIs)/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 unencashed 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.