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CORPORATE INFORMATION

Board of Directors	Mr. M.M. Venkatachalam – Chairman and Managing Director Mr. M.A.M. Arunachalam Mr. S.S. Rajsekar Mr. J. Srinivasan Mr. V. Venkiteswaran Mr. Sridhar Ganesh Mr. N.V. Ravi (Appointed w.e.f 21.02.2012)
Bankers / Financial Institution	Indian Bank IndusInd Bank Ltd. City Union Bank Ltd. IDBI Bank Ltd. HDFC Bank Ltd. Development Credit Bank Ltd. New India Co-op Bank Ltd. Tata Capital Financial Services Ltd.
Auditors	M/s Sundaram & Srinivasan Chartered Accountants
Company Secretary	Mr. R. Narayanan
Registered Office	“Parry House”, 3rd Floor, No.43, Moore Street Chennai – 600 001

TEN YEARS FINANCIAL HIGHLIGHTS

(Rs. In lacs)

YEAR ENDED 31st March										
OPERATING RESULTS	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Sales	627.69	1521.83	2054.75	2392.49	4502.40	6800.84	10024.63	8920.85	11275.24	17046.09
Other Income	30.26	13.62	27.28	93.16	19.02	22.87	37.85	40.00	185.34	78.79
Profit/(Loss) before depreciation	(36.20)	(2.23)	36.76	153.46	276.97	570.37	799.55	434.49	523.16	(3088.12)
Profit/(Loss) before Tax	(44.53)	(10.20)	29.38	139.12	251.82	527.49	714.22	330.27	405.12	(3249.32)
Profit/(Loss) after Tax	(65.22)	(43.91)	17.99	115.71	202.96	412.87	467.01	218.94	288.54	(2145.22)
Dividend - Equity	-	-	-	18.78	48.18	77.07	115.64	76.84	95.73	-
SOURCES OF FUNDS										
Paid up share capital	164.74	164.74	164.74	164.74	164.74	164.74	329.48	329.48	329.48	2829.48
Reserves	209.25	165.34	181.27	278.20	463.15	766.54	1250.75	1392.85	1585.66	(559.56)
Loan Funds	184.07	230.88	511.14	576.36	1945.45	2997.71	4005.87	5533.07	7264.90	6770.40
Deferred Tax Liability/ (Asset) Net	(4.12)	(18.82)	(10.91)	(2.33)	(0.37)	12.56	47.28	78.80	114.61	(989.49)
Total	553.94	542.14	846.24	1016.97	2572.97	3941.55	5633.38	7334.20	9294.65	8050.83
APPLICATION OF FUNDS										
Fixed Assets	34.78	29.35	32.43	79.39	249.02	713.49	1354.24	1383.68	1822.54	2423.15
Investments	35.88	35.88	31.12	31.12	1.13	1.20	1.25	6.25	5.20	5.20
Net Current Assets	483.28	476.91	782.69	906.46	2322.82	3226.86	4277.89	5944.27	7466.91	5622.48
Total	553.94	542.14	846.24	1016.97	2572.97	3941.55	5633.38	7334.20	9294.65	8050.83

DIRECTORS – A Brief Profile

Mr. M M Venkatachalam **Chairman & Managing Director**

Mr. M.M.Venkatachalam is a graduate in Agriculture and Master in Business Administration from George Washington University, USA. He was appointed as a Director in July 2009 and is presently the Chairman and Managing Director of the Company. He is also on the Board of various Companies including Coromandel International Limited, Ramco Systems Limited, Parry Murray & Co. Limited U.K., Parry Agro Industries Limited, Ambadi Enterprises Limited, Parry Enterprises India Limited, Polutech Limited etc.

Mr M A M Arunachalam **Non-Executive Director**

Mr. M A M Arunachalam has done his Bachelors in Commerce and Masters in Business Administration from University of Chicago. He is an Industrialist and has an experience of 24 years in the field of varied industrial activities. He is the Managing Director of Parry Enterprises India Limited. He has been on the board of CECL, since September 1995.

Mr. S S Rajsekar **Non-Executive Director**

Mr. S.S. Rajsekar is a Chemical Engineer (B. Tech) from Anna University. He has more than 32 years of experience in the field of real estate and property related advisory services. He has extensive senior-level contacts in the business community, through holding key positions in business organisations, Boards of Corporate Companies, Chambers of Commerce, Advisory Committees of Banks/ Financial Institutions. He was the past president of Andhra Chamber of Commerce and currently he is a Managing Committee member of Madras Management Association. He has been on the board of CECL, since October 2005.

Mr. J Srinivasan **Non-Executive Director**

Mr. J. Srinivasan holds a Bachelor's Degree in Economics – Political Science – Commerce


combination of the University of Delhi. He is also a Fellow of the Institute of Company Secretaries of India. He has been in Industry for over 54 years in different capacities. Till October 2006, he was the CEO of both TTK-LIG Limited and SSL-TTK Limited. Presently, he is the Mentor Director of the TTK Group. He was responsible for taking over Dr. Scholl domestic business in SSL-TTK and for shifting UK operations to India. In recognition of his contribution, the JV partners have named Sriperumbudur plant after him. He is also associated with a few NGOs in Chennai, like VHS, TTK-VHS-Rotary Blood Bank, TTK Hospital of TT Ranganathan Foundation, Spastics Society of Tamil Nadu, etc. He has been on the board of CECL, since July 2008

Mr. V. Venkiteswaran **Non-Executive Director**

Mr. V. Venkiteswaran has business experience of over 41 years in diverse areas of operations. He is a Mechanical Engineer from the University of Madras and worked over 36 years with Tata Tea Limited, initially overseeing the technical aspects of large tea plantations before attaining the position of GM. He held several key management positions in diverse operations like heading a subsidiary Company in the US, the Tata Tetley JV at Cochin and was responsible for a number of green field projects in India and Abroad. All this culminated in his position as Executive Director of TTL between 2002 and 2006, after which he was a consultant for specific overseas projects till August 2007. He has been on the board of CECL, since July 2008

Mr. Sridhar Ganesh **Non-Executive Director**

Mr. Sridhar Ganesh is a graduate in Physics and an alumnus of IIM Calcutta. He has extensive experience in the areas of developing people strategy, building organization culture, leadership development and coaching for performance and has worked across the HR function in organisations like Cadbury Schweppes, Berger Paints etc. He took up the current role as Director HR with the Murugappa Group in February 2007. He is a



member of the Advisory Council of Loyola Institute of Business Administration (LIBA) and the CII National Committee on Skills & Human Resources. He is also the Chairman of the CII Southern Region Task Force on HR, Skills, Employability, Affirmative Action & ITI-IMC. He was appointed as a Director of CECL in October 2009.

Mr. N V Ravi
Non-Executive Director

Mr. N.V.Ravi is an architect and has his own private practice since 1985. He has done his Masters in Architecture at the University of Michigan Ann Arbor. He has designed and executed several residential, industrial and commercial projects in Chennai, Delhi, Bangalore, Hyderabad etc. He also has vast experience in field of construction and has his own property development firm which has been doing projects since 1996. He was appointed as a Director of CECL in February 2012.

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the SIXTY FOURTH Annual General Meeting of the shareholders of COROMANDEL ENGINEERING COMPANY LIMITED will be held on Saturday, the 28th July 2012 at 2.00 p.m. at the Registered Office of the Company at "PARRY HOUSE", III Floor, No.43, Moore Street, Chennai 600 001 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report and the Audited Profit and Loss Account for the year ended 31st March, 2012 and the Balance Sheet as at that date and the Report of the Auditors thereon.
2. To appoint a Director in the place of Mr. M A M Arunachalam who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Mr. Sridhar Ganesh, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Statutory Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and in this connection, to consider and if deemed fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

RESOLVED THAT Messrs. Sundaram & Srinivasan, Chartered Accountants, Chennai, bearing registration no. 004207S, be and are hereby re-appointed as the Statutory Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting on a remuneration of Rs 2,30,000 (Rupees Two lacs thirty thousands only) plus the applicable taxes and reimbursement of travelling and out of pocket expenses actually incurred by them.

SPECIAL BUSINESS

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

RESOLVED THAT Mr N V Ravi who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and whose term of office as Director expires at this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of the Director and who has consented to such appointment, be and is hereby appointed as a Director of the Company liable to retire by rotation.

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

RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and such other approvals as may be required, the Company hereby approves the appointment, by the Board of Directors ("the Board"), of Mr.M.M.Venkatachalam as Managing Director of the Company for a period of five years with effect from 26th April 2012 without any remuneration.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, expedient, usual and proper in the best interest of the Company.

On behalf of the Board

**Place: Chennai
Date : 26th April 2012**

**M M Venkatachalam
Chairman and Managing Director**

NOTES:

- 1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. (Proxy form is annexed herewith). The proxy form duly completed must be sent so as to reach the Company, not less than 48 hours before the commencement of the meeting.**
2. The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business is annexed herewith.
3. The Register of Members and the Share Transfer Books of the Company shall remain closed from Saturday, 14th July, 2012 to Saturday, 28th July, 2012 (both days inclusive).
4. As per Section 205C of the Companies Act, 1956, the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund. It may be noted that once the unclaimed dividend is transferred to IEPF as above, no claim shall lie with the Company in respect of such amount.
5. Members who have not encashed their dividend warrants for the years 2005-06, 2006-07, 2007-08, 2008-09, 2009-10 & 2010-11 are requested to lodge their claims with the Company.
6. Members are requested to notify the change in their address, if any, immediately so that all communications can be sent to the latest address. In case of Shareholders holding shares in physical form, all intimations regarding change of address and change of bank account details etc are to be sent to M/s. Karvy Computer Shares Private Limited, Unit: Coromandel Engineering Company Limited, Plot No. 17 to 24, Vittalrao Nagar, Madhapur, Hyderabad 500 081 and in case of Shareholders holding shares in demat form, the same is to be sent directly to their Depository Participants.

ANNEXURE TO THE NOTICE

A. Information of directors seeking appointment / re-appointment in The Annual General Meeting pursuant to clause 49 of the listing agreement

Item No.2

Mr. M A M Arunachalam

Mr. M A M Arunachalam has done his Bachelors in Commerce and Master in Business Administration from the University of Chicago. He is an Industrialist and has an experience of 24 years in the field of varied industrial activities. He has been on the board of CECL since September 1995

Mr. M A M Arunachalam is holding 2,01,610 Equity Shares in the Company.

The details of other Directorship / Committee membership held by him are as follows:

Directorship	Committee membership
Parry Enterprises India Ltd	-----

Item No.3

Mr. Sridhar Ganesh

Mr. Sridhar Ganesh is a graduate in Physics and an alumnus of IIM Calcutta. He has extensive experience in the areas of developing people strategy, building organization culture, leadership development and coaching for performance and has worked across the HR function in organizations like Cadbury Schweppes, Berger Paints etc. He was appointed as a Director of CECL in October 2009.

Mr. Sridhar Ganesh does not hold any Equity Shares in the Company.

The details of other Directorship/Committee membership held by him are as follows:

Directorship	Committee membership
(1) Carborundum Universal Ltd	Carborundum Universal Ltd. - Member - Share Transfer, Finance & Investors Grievance Committee
(2) Parry Enterprises India Ltd	
(3) Parry Agro Industries Ltd	
(4) Ambadi Enterprises Ltd	
(5) Murugappa Holdings Ltd	
(6) Parry Murray & Co., Ltd., UK	
(7) Adrenalin ESystems Ltd	

Item No.5

Mr N.V. Ravi

Mr. N.V.Ravi is an architect and has his own private practice since 1985. He has done his Masters in Architecture from the University of Michigan Ann Arbor. He has designed and executed several residential, industrial and commercial projects in cities like Chennai, Delhi, Bangalore, Hyderabad etc. He also has vast experience in field of construction and has his own property development firm which has been doing projects since 1996.

He was appointed as the Director of CECL in February 2012

Mr.N.V.Ravi does not hold any Equity Shares in the Company.

The details of other Directorship/Committee membership held by him are as follows:

Directorship	Committee membership
1.Sakthi Auto Motors Limited	
2. Sakthi Finance Financial Services Limited	
3. Sakthi Beverages Limited	

Item No.6

Mr. M M Venkatachalam

Mr. M M Venkatachalam is a graduate in Agriculture and Master in Business Administration from the George Washington University, USA. He was appointed as a Director in July 2009 and is presently the Chairman of the Board of Directors of the Company. He has been appointed as the Managing Director of the Company effective from 26th April 2012.

Mr. M M Venkatachalam is holding 2,01,610 equity shares in the Company.

The details of other Directorship/Committee membership held by him are as follows:

Directorship	Committee membership / Chairmanship
1. Parry Enterprises India Ltd	1. Ramco Systems Ltd – Chairman – Audit Committee
2. Parry Agro Industries Ltd	2. Coromandel International Ltd – Member – Audit Committee
3. Cholamandalam Factoring Ltd	
4. Ramco Systems Ltd	
5. Polutech Ltd	
6. Parry Murray & Co.Ltd., UK	
7. Ambadi Enterprises Ltd	
8. USV Ltd	
9. Coromandel International Ltd	
10. Sabero Organics Gujarat Ltd	

ANNEXURE TO THE NOTICE

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

Item No.5

Pursuant to Section 260 of the Companies Act, 1956, read with Articles of Association of the Company, the Board of Directors of the Company appointed Mr. N.V.Ravi as an Additional Director with effect from 21st February 2012. In terms of the provisions of Section 260 of the Act, Mr. N.V. Ravi holds office upto the date of this Annual General Meeting.

Mr. N V Ravi has vast experience in field of construction and his experience will benefit the Company. The Company has received a notice in writing along with a deposit of Rs.500/- from a member of the Company under Section 257 of the Companies Act, 1956, signifying his intention to propose the appointment of Mr. N V Ravi as a Director of the Company. Hence the resolution set out under item no.5 of the notice is placed before the members for their approval.

The Board of Directors recommends his appointment as Director of the Company.

Interest of the Directors:

None of the Directors of the Company except Mr. N V Ravi, is interested in the resolution.

Item No.6

Mr. M M Venkatachalam has been appointed as Managing Director without any remuneration by the Board of Directors effective from 26th April 2012 for a period of five years subject to the approval of the shareholders and other necessary approvals. As the appointment of Managing Director is required to be approved by the shareholders at the subsequent general meeting held after the appointment by the Board, approval of the shareholders is being sought for the resolution stated under item no.6 of the notice.

Interest of the Directors:

None of the Directors of the Company except Mr. M M Venkatachalam is interested in the resolution.

On behalf of the Board

Place: Chennai
Date : 26th April 2012

M M Venkatachalam
Chairman and Managing Director

DIRECTORS' REPORT

Your Directors herewith present their report together with the audited accounts for the year ended 31st March 2012.

FINANCIAL HIGHLIGHTS

(Rs in lacs)

Description	2011-12	2010-11
Profit / (Loss) Before Interest & Depreciation	(1938.89)	1194.08
Less : Depreciation	161.20	118.04
Interest	1149.23	670.92
Profit / (Loss) Before Tax	(3249.32)	405.12
Less : Provision for Taxation	(1104.10)	116.58
Profit / (Loss) After Tax	(2145.22)	288.54
Less : Transfer to General Reserve	-	29.00
Proposed Dividend	-	82.37
Tax on Dividend	-	13.36
Add : Earlier year's profit brought forward	813.11	649.30
Profit carried to Balance Sheet	(1332.11)	813.11

OPERATIONS AND PERFORMANCE

During the year under review, your company recorded a turnover of Rs. 17046.09 lacs and Loss of Rs 3249.32 lacs as against the last year turnover of Rs. 11275.24 lacs and PBT of Rs. 405.12 lacs. The key reasons for the loss during the current year comprise of steep increase in all construction material costs & labour costs. Severe shortage of construction labour had led to unprecedented increase in good quality manpower costs. The interest costs also climbed up due to increase in the cost of borrowed funds from bankers.

Your company participated in several tenders during the year across various industrial, commercial & residential segments. Your company quoted tenders for a value of approx. Rs. 318445 lacs during the year and won work orders worth Rs. 25800 lacs. This year saw your company taking high value orders in the range of Rs. 3000 lacs to Rs. 4000 lacs.

On the Property Development front, your company reported a turnover of Rs 1861.91 lacs as against Rs. 1161.57 lacs reported last year. Your company's residential projects are progressing well.

Your company during the year has acquired operational Plant & Machinery and other Fixed Assets amounting to Rs. 776 lacs.

LISTING OF SECURITIES IN STOCK EXCHANGES

The Company's Shares are listed in Madras Stock Exchange Limited and Bombay Stock Exchange Limited. In terms of the agreement entered into by MSE with National Stock Exchange (NSE), the equity shares of your Company are allowed to dealings on the NSE (Capital Market Segment).

SHARE CAPITAL

The shareholders at the Deemed General Meeting held on 27th March 2012 approved increase of Authorised Share Capital to Rs. 35 crores, subsequent amendment of Memorandum & Articles of Association of the Company and Issue of 25,00,000 Redeemable Preference Shares on preferential basis so as to improve the liquidity position of the Company. The Board at its meeting held on 28th March 2012 had approved the allotment of 25,00,000 Redeemable Preference Shares of Rs. 100/- each at par on preferential basis.

PREFERENCE SHARES

The Company has issued and allotted 25,00,000 Redeemable Preference Shares of Rs. 100/- each on 28th March, 2012 after obtaining approval of the shareholders at the Deemed General Meeting held on 27th March, 2012 under the provisions of Section 80 & 81(1A) of the Companies Act, 1956 at the coupon rate of 0.01% payable on annual basis.

DIVIDEND

Equity Shares:

Due to losses incurred by the Company, the Directors have not recommended any dividend for the financial year 2011-12.

DEPOSITS

The Company has not accepted any deposits during the financial year.

ACCREDITATION/RECOGNITION

Your Company has successfully undergone the Surveillance Audit under ISO 9001:2008 for Quality Management System and BS OHSAS 18001:2007 for Safety Management System in design and establishment of property development, construction of residential, commercial and industrial projects, supporting services like electrical, mechanical and plumbing works.

DIRECTORS

Pursuant to Section 256 of the Companies Act, 1956 read with Article 92 of the Articles of Association of the Company, Messrs. M.A.M.Arunachalam and Sridhar Ganesh, Directors, retire by rotation at the forthcoming Annual General Meeting and being eligible, offers themselves for re-appointment.

The brief profile of the Directors seeking re-appointment has been attached along with the Notice of the ensuing Annual General Meeting.

Messrs. Jitendra Virwani and K.E.Ranganathan resigned from the Board with effect from 25th July, 2011 and 14th November, 2011 respectively. The Board places on record its appreciation for the valuable services rendered and contributions made by Messrs. Jitendra Virwani and K.E.Ranganathan during their tenure as Directors of the Company.

Mr. N.V.Ravi was appointed as an Additional Director at the Board meeting held on 21st February, 2012 and shall hold office up to the ensuing Annual General Meeting.

The Company has received notice from a member along with deposit of Rs.500/- pursuant to Section

257 of the Companies Act, 1956, signifying his intention to propose Mr.N.V.Ravi as director of the Company. The Board of Directors recommends the resolutions for his appointment as set out in Item No. 5 of the Notice accompanying the Annual Report.

Mr. M M Venkatachalam, Chairman was appointed as the Managing Director of the Company effective from 26th April 2012.

A brief resume, expertise and details of other directorships of these Directors are attached along with the Notice convening the ensuing Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors to the best of their knowledge and belief confirm that:

- ❖ In the preparation of the Profit & Loss Account for the financial year ended 31st March, 2012 and the Balance Sheet as at that date ("Financial Statements") applicable Accounting Standards have been followed.
- ❖ Appropriate accounting policies have been selected and applied consistently and such judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the financial results of the Company for that period.
- ❖ Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities. To ensure this, the Company has established internal control systems, consistent with its size and nature of operations. In weighing the assurance provided by any such systems of internal controls, its inherent limitations should be recognised. These systems are reviewed and updated on an ongoing basis. Periodic internal audits are conducted to provide reasonable assurance of compliance with these systems.

The Audit Committee meets at regular intervals to review the internal control system.

- ❖ The Financial Statements have been prepared on a going concern basis.

AUDITORS

M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai, Statutory Auditors, retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

The Board, on the recommendation of the Audit Committee, proposes that M/s.Sundaram & Srinivasan, Chartered Accountants, Chennai bearing registration No. 004207S be re-appointed as the Statutory Auditors of the Company to hold office till the conclusion of the next Annual General Meeting of the Company. M/s.Sundaram & Srinivasan, Chartered Accountants, Chennai have forwarded a certificate to the Company, stating that their re-appointment, if made, will be within the limit specified in that behalf in sub-section (1B) of section 224 of the Companies Act, 1956.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis report, highlighting the business wise details, is attached and forms part of this Report.

CORPORATE GOVERNANCE REPORT

A Report on Corporate Governance, giving the status of implementation of mandatory and non-mandatory norms as per Clause 49 of the Listing Agreement with the Stock Exchanges and the

Corporate Governance Voluntary Guidelines, 2009 issued by the Ministry of Corporate Affairs, is attached and forms part of the directors' report.

The Certificate regarding Compliance of conditions of Corporate Governance is also made part of the Annual Report.

PARTICULARS OF EMPLOYEES

There were no employees covered under sub-section 2A of Section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended vide Notification No. GSR 289 (E) dated 31st March 2011.

PARTICULARS REQUIRED TO BE FURNISHED U/S 217(1)(e)

The Company has no activity relating to consumption of energy and technology absorption. Except for foreign exchange earnings, there are no other particulars required to be furnished under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

The Company earned a foreign exchange of Rs. 6.81 Lacs during the year towards customer payment for residential property sold.

GENERAL

Your Directors place on record their appreciation for the continued co-operation, support and assistance extended to the Company by its Bankers, Shareholders, Government of India and Government of Tamil Nadu.

On behalf of the Board

Place: Chennai
Date : 26th April 2012

M M Venkatachalam
Chairman & Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY UPDATES

Indian Construction Industry witnessed an average performance during the year 2011-12 due to general slow down in the overall economy. The industrial segment of the construction industry saw few newer projects coming up during the year. The investments in key infra sectors like Power, irrigation, roads, airports slowed down.

The residential segment saw mixed trends during the year 2011-12. While demand in key metros slowed down, the Tier-II cities saw better absorption of stocks. The affordable housing is attracting lot of interest among developers, though the profitability is much less in this category. The prices of homes remained subdued during most part of the year due to lower demand. Increasing cost of loans is driving customers to postpone their home buying decisions.

REVIEW OF BUSINESS OF COROMANDEL ENGINEERING COMPANY LIMITED

The civil contract segment saw reasonable performance on the sales front with many new projects getting into our fold. However, the financial results for the contract segment was severely affected due to spiraling costs of input materials and labour.

Your company had won many orders under stiff competitive conditions, which meant a lower margin on the estimates front. Unfortunately, during the year, the cost of most of the input construction materials like sand, aggregate, bulk materials, bricks, blocks etc went up by over 30-40% which was unprecedented.

Our cost estimates on these items were grossly lower compared to actuals. This apart, the cost of labour in terms of masons, helpers, carpenters, electricians, mechanics etc went up substantially during the year due to severe shortage. With more and more construction labour moving out to other disciplines where the nature of work is much easier and the absorption of construction labour going up due to mega projects like Metro rail etc., the availability of labour became very scarce. This pushed up the cost of labour by over 50-60% during the year.

Since most of the orders were won on firm & fixed basis, your company's ability to pass through such cost increase was extremely limited. Your company had to honour the contractual commitments to the clients and hence, the financial performance reflected a loss during the year.

On the residential segment, in spite of the input cost increase, the company could manage to report reasonable sales and profits. Since the overall value of sales in residential projects is less compared to the civil contracts segment, the benefit in this segment could not offset the loss arising from civil construction.

RISK MANAGEMENT

Given below are some of the major risks that impact the company in the construction business and the broad mitigation measures.

BIDDING RISK

Impacts the contracts which are quoted at lower rates to win the order resulting in tight cost estimates to be met.

Mitigation Measures

1. Structured process and formats to cover all possible costs before quoting for tenders
2. Having base minimum margin built into the quote including approvals from top management for extending discounts
3. Including transparent pass-through mechanism to handle input cost escalations and statutory duties and taxes while bidding

RISK IN PROCESS ACTIVITY

This covers the process activities of Quotation and getting orders, Robust Planning, timely mobilization and execution as per plan. Any slip up in the process can lead to time and cost escalations.

Mitigation Measures

1. Planning in detail for the work orders to be executed
2. Ensuring design correctness at pre-tender and planning stage

3. Improve project performance levels by effective project management techniques

QUALITY RISK

In a precise engineering business, any quality variation could lead to customer dissatisfaction, revenue loss during certification and customers not giving repeat orders.

Mitigation Measures

1. Sourcing of quality raw materials.
2. Suitable in-house checks to ensure compliance with all quality standards.
3. Continued investment in meeting quality standards without any let up.

RISK OF TIMELY COMPLETION

Delay in timely completion of projects as per plan results in cost overrun and loss of margin. It also leads to liquidity issues and loss of reputation with client

Mitigation Measures

1. Obtain necessary extension of time for completion for all delays caused due to client issues
2. Better vendor management and pre mobilisation study of the project area to place resources at site as per execution plan
3. Increase labour productivity through detailed planning, effective monitoring and guidance.

RISK OF NON-AVAILABILITY OF SUB-CONTRACTORS

Impacts timely execution and completion.

Mitigation Measures

1. Enlarge the database of qualified sub-contractors
2. Entering into long term contract with subcontractor/s
3. Providing better facilities at site for retention of subcontract labour.

COST ESCALATION RISK

This includes increase in cost of inputs due to project tenure being spread over longer periods

Mitigation Measures

1. Reasonable estimate of price escalation to be

- factored in while quoting for the contracts
2. Put in sufficient escalation reimbursement clause in the contract
3. Advance planning and sourcing of the material through contracts with vendors on long term basis for price benefit.

CLIENT-CENTRIC RISK

Excessive dependence on a few clients could impact profitability in the event of slowdown or customer attrition.

Mitigation Measures

1. Diversify into different Geographical Locations
2. Add more new clients every year

COMPLIANCE RISK

Contractual and Legal - Non compliance of specific contractual obligation and general obligations in practice and also statutory non compliance result in penalty affecting cash flow and profitability.

Mitigation Measures

1. Review of all contracts by the in-house legal team including dropping of unacceptable clauses before signing
2. Ensure systemic capture and adherence to specific clauses of contract being executed
3. Update with the legal and statutory laws through professional contacts, chamber of commerce etc
4. Continuous education and training to relevant employees on importance of statutory/contractual compliances and systematic audits

RISK OF NATURE AND CALAMITIES

Affects execution of the project leading to time delays and cost escalation

Mitigation Measures

1. Suitable safety measures in place to handle possible risk events and periodic audits of adherence
2. Adequate insurance cover to take care of any financial loss arising out of such risk.
3. Ensure insurance cover protects against damages due to natural calamities in seismic fault areas

LIQUIDITY RISK

This covers the risk of business expansion along with longer working capital cycle leading to cash generation being lower than requirement. This leads to higher borrowings and higher interest cost in turn affecting profitability

Mitigation Measures

1. Raise bills on stage of completion basis to minimize the work in progress level.
2. Ensure correctness of bill for timely certification and collection of payment
3. Effective inventory management linked to planned activities and monitoring and enhancing credit period based on reliability of payment

HUMAN RESOURCES RISK

Construction business is people intensive and lack of right people will affect execution in timely manner. This also covers the risk of not being able to attract the right talent and retain the same

Mitigation Measures

1. Retention and attraction of the talent by corporate brand building.
2. Periodical training involving domain and soft skills upgradation
3. Tight productivity norms and monitoring to enable employees to have career growth through performance

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONS

Income from Operations:

The company, during the year, has received good order inflow both from existing customers and new customers. The order inflow during the year was good from Automobile, Chemicals/Fertilisers and Metal industries and for Residential sector. There were delays in client and regulatory clearances which slowed down work at certain sites.

Expenditure

The total expenditure with respect to the yearly revenue is as under:

Rs in Lacs

	FY 2011-12	In %	FY 2010-11	In %
Revenue from Operations	17046	100.0	11275	100.0
Materials consumed and Sub contract expenses	15309	90.0	8256	73.2
Salaries & Other Benefits	1879	11.0	1139	10.1
Other Expense	1876	11.0	871	7.7
Interest on Borrowings	1149	6.7	671	6.0
Depreciation	161	0.9	118	1.0
	20374	119.6	11055	98.0

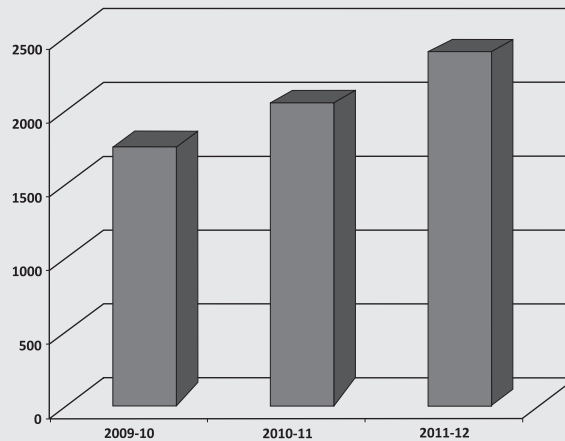
Net Profit

Rs in Lacs

	2011-12	2010-11
Total Revenue	17125	11461
Profit/ (Loss) Before Tax (PBT)	(3249)	405
PBT as % of Revenue	(18.97)	3.53

Net Worth

The net worth of the Company as at March 31, 2012 is at Rs.2269.92 Lacs as compared to Rs 1915.14 Lacs as at March 31, 2011.



INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Internal Control System is an essential element of the Corporate Governance and plays a key role in identifying, minimizing and managing risks that are significant for the Company, contributing to the safeguarding of stockholders' investments and the Company's assets.

Your company has established and is maintaining adequate controls within the system to ensure the completeness and accuracy of financial and other information which are used by management for supervision and control. The adequacy and effectiveness of internal controls are monitored regularly by the Internal Auditors and remedial measures are adopted, wherever necessary. Also as part of the internal control systems, it is being ensured that all applicable laws are complied without any lapse. Periodic updates are being sought from the relevant sources to keep abreast with the latest changes in any applicable law and their compliance thereof.

The Audit Committee of the company meets periodically to review and recommend quarterly, half yearly and annual financial statements of the company. The Audit Committee reviews the important findings of the Internal Auditors during their audits. The Committee also holds discussions with the internal auditors, statutory auditors and the management on the matters relating to internal controls, auditing and financial reporting. The Committee also reviews with the Statutory Auditors, the scope and results of the audit.

HUMAN RESOURCES

Talent Management – both acquisition and retention is a challenge in Construction Industry. With the increasing demand for skilled labour due to rapid industrialization and the preference for unskilled labour towards assured employment schemes of the Government, every sector of the industry is finding it difficult to recruit and retain talent.

Due to demand-supply gap, the cost of the labour force is also on continuous increasing trend. Your company is also facing difficulties in getting right talent to manage the project sites. To overcome the constraint, your Company implemented some of the measures like enhanced remuneration, focused Learning and Development and regular communications. Due to the financial situation of the Company, We had to take measures for right-sizing the headcount. Continuous interaction with all employees by various orientation programs, Cross functional meets and by the frequent visits of Sr. Executives to the Project sites are some of the continuing efforts to motivate the work force.

CAUTIONARY STATEMENT

In accordance with the Code of Corporate Governance approved by the Securities and Exchange Board of India, Shareholders and Readers are cautioned that in the case of data and information external to the Company, no representation is made on its accuracy or comprehensiveness though the same are based on sources believed to be reliable. Utmost care has been taken to ensure that the opinions expressed by the management herein contain its perceptions on the material impacts on the Company's operations, but it is not exhaustive as they contain forward-looking statements which are extremely dynamic and increasingly fraught with risk and uncertainties. Actual results, performances, achievements or sequence of events may be materially different from the views expressed herein.

On behalf of the Board

Place: Chennai
Date : 26th April 2012

M M Venkatachalam
Chairman & Managing Director

REPORT ON CORPORATE GOVERNANCE

The Directors have great pleasure in presenting the Corporate Governance Report for the year ended 31st March, 2012.

Corporate Governance is essentially the system by which companies are directed and controlled by the management in the best interest of the stakeholders and others. The principal stakeholders are the Shareholders, Management and the Board of Directors. Other stakeholders include labour (employees), customers, creditors, suppliers, regulators and the community at large. Corporate Governance ensures fairness, transparency and integrity of the management.

It is an internal system encompassing policies, processes and people, which serve the needs of shareholders and other stakeholders, by directing and controlling management activities with good business savvy, objectivity, accountability and integrity.

1. Corporate Governance in Coromandel Engineering Company Limited

Coromandel Engineering Company Limited (CEC) as a constituent of the Murugappa Group headquartered in Chennai, India, is committed to high standards of Corporate Governance in all its activities and processes. CEC looks at corporate governance as the corner stone for all sustained superior financial performance and for serving all the stakeholders. The Board of Directors, comprising of eminent industrialists from various

disciplines, ensure fairness in dealings with all stakeholders of the Company.

CEC's corporate governance policy includes

- ❖ An independent and effective Board of Directors.
- ❖ Good audit process and reporting.
- ❖ Transparency.
- ❖ Maximising shareholder value.
- ❖ Meeting social obligations.

The corporate governance philosophy of the Company has been further strengthened with the adoption of the CEC's Code of Conduct. In compliance with the disclosure requirements of Clause 49 of the Listing Agreement executed with the Stock Exchanges, the details are set out below:

2. Board of Directors

Composition

The Board has seven members. The Board of Directors of the Company consists of professionals drawn from the diverse fields. The majority of the Board members are Independent Directors. This has been done to preserve the independence of the Board and to separate the Board functions of governance and management.

(a) The composition and category of the Board of Directors as on 31st March, 2012 and the number of other directorships/ committee memberships held by them are as under:-

SL No	Name of Director	Category	Number of other Directorships*	Number of memberships on other Board Committees **
1.	Mr. M.A.M. Arunachalam	Non Executive, Promoter	1	-
2.	Mr. S.S. Rajsekar	Non Executive, Independent	3	-
3.	Mr. J. Srinivasan	Non Executive, Independent	2	-
4.	Mr. V. Venkiteswaran	Non Executive, Independent	1	-
5.	Mr. M.M.Venkatachalam ***	Non Executive, Promoter	10	2
6.	Mr. Sridhar Ganesh	Non Executive	7	1
7.	Mr. N.V.Ravi #	Non Executive, Independent	3	-

* Excludes Alternate Directorships and Directorships in Private Companies, (which are not subsidiary or holding company of a public company), Foreign Companies and Section 25 Companies.

- ** Denotes memberships in Audit Committee and Shareholders and Investors Grievance Committee
- *** Appointed as Managing Director from 26th April, 2012
- # Appointed as Additional Director with effect from 21st February, 2012

None of the Directors on the Board is a member in more than 10 committees and Chairman of more than 5 committees (as per Clause 49(I)(C)(ii) of the Listing Agreement), across all companies in which he is a Director. All the Directors have made the requisite disclosures regarding Committee positions held by them in other companies.

The Independent Directors have confirmed that they satisfy the "Criteria of Independence" as stipulated in the amended Clause 49(I)(A) of the Listing Agreement.

Board Procedure

The Board has formal schedule of matters reserved for its consideration and decision. The Agenda is circulated well in advance to the Board members. The items in the Agenda are backed by comprehensive background information to enable the Board to take appropriate decisions. In addition to the information required under Annexure IA to Clause 49 of the Listing Agreement, the Board is also kept informed of major events/items and approvals taken wherever necessary.

The Directors are elected based on their qualifications and experience in varied fields as well as company's business needs. Regarding appointment of directors, at the time of induction on the board of the company, an invitation to join the board of the company is sent and a directors' handbook comprising a compendium of the role, powers and duties to be performed by a director is given to the new director.

Details of Director seeking appointment / re-appointment

Mr. N.V.Ravi appointed as Additional Director w.e.f. 21st February, 2012 will hold office upto the date of the ensuing Annual General Meeting. The Company has received notice pursuant to Section 257 of the Companies Act, 1956 from a member along with

a deposit of Rs.500/-, signifying his intention to move a resolution at the ensuing Annual General Meeting of the Company for the appointment of Mr. N.V.Ravi as Director of the Company.

Messrs.M.A.M.Arunachalam and Sridhar Ganesh, Directors retire by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment.

Mr. M M Venkatachalam, Chairman was appointed as the Managing Director of the Company effective from 26th April 2012.

Relevant details relating to the above Directors are furnished in the Notice convening the Annual General Meeting to be held on Saturday the 28th day of July 2012 which forms part of the Annual Report.

Board Meetings and Attendance at Board Meetings & Annual General Meeting

The Board of Directors met Six (6) times during the financial year ended 20th April 2011, 25th July 2011, 14th November 2011, 25th January 2012, 21st February 2012 and 28th March 2012. The maximum gap between any two meetings was less than four months as stipulated under Clause 49(I) (c) of the Listing Agreement.

The attendance of each Director at these meetings and at the Last Annual General Meeting was as follows:-

Name	No. of Board Meetings attended	Attendance at Last AGM
Mr. M.M Venkatachalam	6	Yes
Mr. M.A.M Arunachalam	5	-
Mr. S.S Rajsekar	6	Yes
Mr. J. Srinivasan	6	Yes
Mr. V. Venkiteswaran	2	Yes
Mr. K.E Ranganathan #	3	Yes
Mr. Sridhar Ganesh	6	-
Mr. Jitendra Virwani ##	-	-
Mr. N.V Ravi@	1	-

Resigned as a Director w.e.f. 14th November, 2011.

Resigned as a Director w.e.f. 25th July, 2011.

@ Appointed as an Additional Director w.e.f. 21st February, 2012.

Board Committees

3. Audit Committee

Overall purpose/ objective

The purpose of the Audit Committee (the "Committee") is to assist the Board of Directors (the "Board") in reviewing the financial information which will be provided to the shareholders and others, reviewing the systems of internal controls which management and the Board have established, appointing, retaining and reviewing the performance of independent accountants / internal auditors and overseeing the Company's accounting and financial reporting processes and the audits of the Company's financial statements.

Terms of Reference

The Company had constituted an Audit Committee in the year 2008, in line with the provisions of Clause 49 of the Listing Agreement read with Section 292A of the Companies Act, 1956. The terms of reference of the Audit Committee broadly are as under:

- a. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors and the fixation of audit fees.
- b. Overseeing the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- c. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
- d. Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval
- e. Reviewing, with the Management, performance of Statutory and Internal Auditors and adequacy of the internal control systems.
- f. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting

structure coverage and frequency of internal audit.

Composition & Meetings

The Committee was reconstituted on 28.10.2010 and presently the Committee comprises of four (4) non executive directors, of which three (3) are Independent Directors including the Chairman of the Committee. All the members have good financial knowledge.

Audit Committee meetings are attended by Head of Finance and Senior Management Members. The Statutory Auditors are also invited to attend the meetings.

Further, as a good corporate governance practice, the Company has put in place a system for a separate discussion of the Audit Committee with the statutory and internal auditors without the presence of the management team.

The Committee met Four (4) times during the financial year ended 31st March 2012 on 20th April, 2011, 25th July, 2011, 14th November, 2011 and 25th January, 2012 and the time gap between the two meetings did not exceed four months.

Name of the Member	Chairman/ Member	No. of Meetings Attended
Mr. J Srinivasan	Chairman	4
Mr. S. S Rajsekar	Member	4
Mr. M A M Arunachalam	Member	3
Mr. V Venkiteswaran	Member	2

4. Remuneration Policy

The Company, while deciding the remuneration package of the senior management, takes into consideration the following items:

- a. Job profile and special skill requirements.
- b. Prevailing compensation structure in companies of similar size and in the industry.
- c. Remuneration package of comparable managerial talent in other industries.

The Non-Executive Directors (NEDs) are paid remuneration by way of commission besides sitting fees. In terms of the Shareholder's approval obtained at the 60th Annual General Meeting held on 31st July 2008, the commission is paid not exceeding 1% per annum of the net profits of the Company (computed in accordance with the provisions of Sections 349 and 350 of the Companies Act, 1956). The distribution of commission amongst the NEDs is placed before the Board for its decision.

The Non-Executive Directors are also paid sitting fees as per the Articles of Association of the Company for every Board / Committee meetings attended by them. The Board at its meeting held on 25th July, 2011 approved the revision in sittings fees to Rs. 10,000/- per meeting to each director w.e.f. 25th July, 2011.

Remuneration for the year

Non-Executive Directors are paid sitting fees of Rs. 10,000/- for every meeting of the Board and other committee.

The Board of Directors at their meeting held on 25th January 2012 renounced their right to receive sitting fees for Board as well as Committee meetings being attended by them effective from 25.01.2012 till such time, the Board decides otherwise.

Name of the Non-Executive Directors	Sitting Fees paid for Board and committee meetings (Rs.)**	Commission Payable for the FY 2011-2012 (Rs.)**
Mr. M M Venkatachalam	16,000/-	---
Mr. M A M Arunachalam	26,000/-	---
Mr. S S Rajsekar	35,000/-	---
Mr. J Srinivasan	35,000/-	--
Mr. V Venkiteswaran	26,000/-	---
Mr. K E Ranganathan#	Nil	---
Mr. Sridhar Ganesh	16,000/-	---
Mr. Jitendra Virwani##	Nil	---
Mr. N.V.Ravi@	Nil	---

** During the financial year the Company has incurred losses and consequently, it was decided by the Board not to pay any commission to the

non executive Directors of the Company for the financial year 2011-12.

Renounced his right to receive the sitting fees and commission. He has resigned as Director w.e.f. 14.11.2011.

Resigned as Director w.e.f. 25.07.2011.

@ Appointed as an Additional Director w.e.f. 21.02.2012, accordingly no sitting fees paid from 25.01.2012.

5. Shareholders and Investors Grievance Committee

The Shareholders and Investors Grievances Committee of the Board looks into the redressal of the investors' complaints like non receipt of annual reports, dividend payments, change or deletion of name, issue of duplicate share certificates, dematerialization, rematerialisation, transfer, transmission, transposition, sub-division, consolidation and other allied transactions. The Board has also delegated to certain Executives of the Company, powers to accomplish aforesaid objectives. As per the directions of SEBI, the company immediately on transfer of shares sends letters to the investors, in the prescribed format, informing them about the simultaneous transfer and dematerialisation option available for the shares transferred in their names. The Committee also looks into all the communications received from the shareholders and complaints received from the stock exchanges.

Composition & Meetings

The Committee was constituted in the year 2008. The Committee as at 31st March 2012 consists of Three (3) Non-Executive Directors and is chaired by Mr.M.A.M.Arunachalam, Non Executive Director. Mr. R. Narayanan is the Compliance Officer of the Company.

Details of the members of the Committee are given below –

Name	Chairman/ Member
Mr. M.A.M Arunachalam	Chairman
Mr. S.S.Rajsekar	Member
Mr. J.Srinivasan	Member

The Committee deals with the matters relating to transfers / transmissions of shares etc.

The Committee met once during the financial year ended 31st March 2012 on 20th April, 2011.

The Status of Investor Complaints as on March 31, 2012 and reported under Clause 41 of the Listing agreement are as under:

Complaints' as on April 1, 2011	:	Nil
Received during the year	:	8
Resolved during the year	:	8
Pending as on March 31, 2012	:	Nil

6. General body Meetings

The location, date and time of General Meetings held during last 3 years are given below:

Annual General Meeting (AGM):

For the year ended 31st March	Venue	Day and Date	Time
2011	3rd Floor, Parry House, No. 43, Moore Street, Chennai – 600 001.	Monday, 25.07.2011	9.30 a.m.
2010	Same as above	Thursday, 29.07.2010	10.00 a.m.
2009	Same as above	Friday, 31.07.2009	10.15 a.m.

Details of Special Resolutions passed during the last 3 Annual General Meetings

Date of AGM	Whether any Special Resolution was passed	Particulars
25.07.2011	Yes	Amendment of Article 96 in Articles of Association relating to enhancement of sitting fees
29.07.2010	No	Nil
31.07.2009	No	Nil

Postal Ballot

The Company has, vide postal ballot notice dated 21.02.2012, sought the approval of the shareholders of the company for the below resolutions:

- Approval by ordinary resolution for increase in Authorised Share Capital of the Company from Rs.4 crores to Rs.35 crores;
- Approval by way of Special Resolution for amending the Capital Clause V of the Memorandum of Association of the Company;
- Approval by way of Special Resolution for amending Article 6 of the Articles of Association of the Company; and

- Approval by way of Special Resolution for issue of 25,00,000 Redeemable Preference Shares of Rs.100/- each on preferential basis.

7. Code of Conduct

The Board has laid down a 'Code of Conduct', for all the Board members and the Senior Management of the Company, and the code is posted on the website of the Company www.coromandelengg.com. Annual Declaration regarding compliance with the Code is obtained from every person covered by the Code of Conduct. A declaration to this effect is signed by Mr. G. Viswanath Kumar, Senior Vice President and is forming part of this report.

8. Risk Management

The Company has laid down procedures to inform the Board members about the risk assessment and minimization procedures, which is reviewed by the Board periodically.

9. Prevention of Insider Trading

The Company has framed a Code of Conduct for prevention of insider trading based on SEBI (Insider Trading) Regulations, 1992. This code is applicable to all Directors / officers / designated employees. The Code ensures the prevention of dealing in Company's shares by persons having access to unpublished price sensitive information.

10. Whistle Blower Policy

The Company has adopted the Whistle blower mechanism, a non-mandatory requirement of the Listing Agreement, at the meeting of the Board of Directors held on 25th January 2010, to provide an avenue to raise concerns about frauds, unethical behavior, violation of ethics policy, etc. The mechanism also provides for adequate safeguards against victimization of employees who avail of the mechanism. The policy also lays down the process to be followed for dealing with complaints and in exceptional cases, also provides for direct appeal to the Chairman of the Audit Committee.

Mr. Shyam C Raman, Senior Vice President, Group HR has been appointed as the Ombudsperson who will deal with the complaints received.

11. Disclosures

Related Party Transactions

There were no materially significant related party transactions, with Directors/ promoters/ management which had potential conflict with the interests of the Company at large.

Periodical disclosures from Senior Management relating to all material, financial and commercial transactions, where they had or were deemed to have had personal interests, that might have a potential conflict with the interest of the Company at large were placed before the Board.

Transactions with the related parties are disclosed in Note No 27 (16) to the Accounts in the Annual Report.

The Company has followed the Guidelines of Accounting Standards laid down by the Institute of Chartered Accountants of India (ICAI) in the preparation of its financial statements.

Statutory Compliances, Penalties and Strictures

The Company has complied with the requirements of the Stock Exchanges / SEBI and Statutory Authorities on all matters related to capital markets during the last three years. No strictures or penalties have been imposed on the Company either by Stock Exchanges or by SEBI or any statutory authority.

12. Compliance with Corporate Governance Norms

The Company has complied with the mandatory requirements of the Code of Corporate Governance as stipulated in Clause 49 of the Listing Agreement. The company has submitted the compliance reports in the prescribed format to the stock exchanges for every quarter during the year ended 31st March 2012. The certificate of compliance with the conditions of corporate governance as stipulated in clause 49 of the Listing Agreement forms part of the Annual Report.

The other non-mandatory requirements of Clause 49 except to the extent mentioned above have not been adopted by the Company.

Further, with respect to the Corporate Governance Voluntary Guidelines, 2009 issued by the Ministry of Corporate Affairs in December 2009, the Company is in the process of evaluating the feasibility of implementation.

13. Means of Communication

The quarterly unaudited financial results and major announcements like notice of Board Meetings, Book Closure etc. are normally published in daily newspapers viz., News Today (English) and Maalai Sudar (Tamil). The annual audited financial results are published in News today (English) and Maalai Sudar (Tamil). Further, the Code of Conduct of

the Company applicable to the Board and Senior Management is also posted on the website of the Company www.coromandelengg.com.

14. Management Discussion and Analysis Report

Management Discussion and Analysis Report forms part of the Annual Report.

15. General Shareholder Information

A separate section has been annexed to the Annual Report furnishing various details viz., AGM venue, distribution of shareholding, means of communication etc., for the general information of the shareholders.

On behalf of the Board

Place: Chennai
Date : 26th April 2012

M M Venkatachalam
Chairman & Managing Director

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

Corporate Identification No. : L74910TN1947PLC000343
Nominal Capital : Rs. 35,00,00,000/-

To
The Members
MESSRS. COROMANDEL ENGINEERING COMPANY LIMITED
'Parry House', 3rd Floor,
43, Moore Street,
Chennai – 600 001

We have examined all relevant records of M/s. Coromandel Engineering Company Limited, having its Registered Office at Parry House, 3rd Floor, 43, Moore Street, Parrys, Chennai – 600 001, for the purpose of certifying compliance of the conditions of Corporate Governance under Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited and the Madras Stock Exchange Limited for the financial year ended March 31, 2012. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. This Certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with all the mandatory conditions of the Clause 49 of the listing Agreement.

**For R Sridharan & Associates
Company Secretaries**

Place: Chennai
Date : 16th April 2012

CS R Sridharan
FCS No. 4775
CP No. 3239

DECLARATION OF CODE OF CONDUCT

**The Board of Directors
Coromandel Engineering Company Limited
3rd Floor, "Parry House",
No.43, Moore Street,
Chennai – 600 001**

This is to confirm that the Board has laid down a code of conduct for all Board members and Senior Management of the Company. The code of conduct has also been posted on the website of the Company.

It is further confirmed that all the Directors and senior management personnel of the Company have affirmed compliance with the code of conduct of the Company for the year ended 31st March 2012, as envisaged in Clause 49 of the Listing Agreement with the Stock Exchanges.

G.VISWANATH KUMAR
Senior Vice President

SHAREHOLDERS' INFORMATION

Registered Office

“Parry House”, 3rd Floor, No.43, Moore Street, Chennai –600 001

Annual General Meeting

Day : Saturday
Date : 28th July 2012
Venue : “Parry House”, 3rd Floor, 43, Moore Street, Chennai 600 001
Financial year : 1st April 2011 to 31st March 2012

Date of Book Closure

Saturday, the 14th day of July 2012 to Saturday, the 28th day of July 2012 (Both days inclusive)

Listing on Stock Exchanges

- ❖ Madras Stock Exchange Limited,
Exchange Building, Post Box – 183,
11 Second Line Beach
Chennai – 600 001
- ❖ Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai – 400 001
- ❖ National Stock Exchange of India Ltd.*
Exchange Plaza, Bandra-Kurla Complex,
Bandra (E), Mumbai – 400 051

* With effect from 17th February, 2011, the Company's shares are included on NSE Trading Platform under MSE-NSE Agreement.

Listing fees for the year 2012-2013 had been paid to the Madras Stock Exchange Limited, Bombay Stock Exchange Limited

Stock Code

Name of the Stock Exchange / Depository	Code / ISIN / Symbol
Bombay Stock Exchange Ltd. (BSE)	533167
NSDL & CDSL	INE312J01012
National Stock Exchange Ltd. (NSE)	COROENGG

Market Price Data:

The monthly high and low quotations and volume of shares traded on BSE and NSE from 1st April, 2011 up to 31st March, 2012 is as follows:

Month	Bombay Stock Exchange (in Rs.)			National Stock Exchange (in Rs.)		
	High	Low	No. of Shares	High	Low	No. of Shares
Apr 2011	309.75	225.00	2471	294.00	231.00	6494
May 2011	290.00	232.00	652	288.00	241.00	43
June 2011	294.00	258.25	2877	276.75	240.50	486
July 2011	330.80	259.05	1444	280.35	255.25	353
Aug 2011	340.00	259.75	7005	339.10	251.25	904
Sept 2011	282.50	235.00	2722	300.30	255.45	513
Oct 2011	283.60	223.75	4785	264.90	233.10	1803
Nov 2011	278.90	199.65	3459	254.50	225.55	1539
Dec 2011	248.95	188.45	4001	231.00	181.00	2670
Jan 2012	256.00	226.05	1515	264.70	209.10	111
Feb 2012	242.05	199.00	2948	229.65	202.00	242
Mar 2012 (upto 27.03.2012)	226.90	175.00	2822	230.30	187.15	627

Registrar and Share Transfer Agents:

In due compliance with SEBI norms, the Company has entrusted the share transfer work both physical as well as electronic to the transfer agents mentioned below:

M/s. Karvy Computershare Private Limited,
(Unit: Coromandel Engineering Company Limited),
Plot No. 17 to 24, Vittalrao Nagar
Madhapur, Hyderabad 500 081
Tel: 91-40-4465 5000/ 2342 0818
Fax: 91-40-2342 0814
Email: einward.ris@karvy.com
Website: www.karvycomputershare.com

Share Transfer and Investors Service System

The Shareholders and Investors Grievances Committee, approves transfers / transmission / transposition, sub-division and consolidation etc.

Distribution of shareholding as on 31.03.2012

No. of shares held	No. of shareholders	Percentage	No. of Shares	Percentage
1-5000	913	83.99	98375	2.99
5001 – 10000	69	6.35	51163	1.55
10001 – 20000	31	2.85	44322	1.35
20001 – 30000	13	1.19	30819	0.94
30001 – 40000	6	0.55	21349	0.65
40001 – 50000	4	0.38	18520	0.56
50001 – 100000	9	0.83	66458	2.01
100001 & Above	42	3.86	2963774	89.95
Total	1087	100.00	3294780	100.00

The Board have delegated powers to approve transfers, transmission, transpositions, dematerialisation / rematerialisation of shares upto a maximum of 10,000 equity shares per transaction to the directors of the Company and upto 5,000 equity shares per transaction to the executives.

Shareholding pattern

Category	As on 31 March, 2012	
	No. of Shares	% of shareholding
PROMOTERS	2087983	63.37
RESIDENT INDIVIDUALS	790815	24.00
PROMOTER COMPANIES	365937	11.11
BODIES CORPORATES	37693	1.14
H U F	9317	0.29
BANKS	2400	0.07
CLEARING MEMBERS	1	0.00
NON RESIDENT INDIANS	634	0.02
TOTAL	3294780	100.00

	No. of shareholders	Percentage	No. of Shares	Percentage
Shareholders in				
Physical Mode:	436	40.11	323408	9.81
Electronic Mode :				
NSDL	484	44.53	2832423	85.97
CDSL	167	15.36	138949	4.22
TOTAL	1087	100.00	3294780	100.00

DEMATERIALIZATION

The code number (ISIN) allotted by the National Securities Depository Limited (NSDL) and Central Depository Services limited (CDSL) to the Company is INE312J01012.

DETAILS OF SHARES HELD BY NON – EXECUTIVE DIRECTORS AS ON 31.03.2012:

SL No	Name of the Director	No. of Shares Held
1.	Mr. M A M Arunachalam	2,01,610
2.	Mr. S S Rajsekar	NIL
3.	Mr. J Srinivasan	NIL
4.	Mr. V Venkiteswaran	NIL
5.	Mr. M M Venkatachalam	2,01,610
6.	Mr. Sridhar Ganesh	NIL
7.	Mr. N.V.Ravi	NIL

Nomination Facility

The Shareholders may avail themselves of the nomination facility under section 109A of the Companies Act, 1956. The nomination form (Form 2B) along with instruction will be provided to the members on request. In case the members wish to avail of this facility, they are requested to write to the Company's Registrars M/s. Karvy Computershare Private Limited.

The facility of nomination is not available to non-individuals shareholders such as Societies, Trust, Bodies Corporate, Karta of Hindu Undivided Families and holders of Power of Attorney.

Investors are advised to avail this facility, especially investors holding securities in single name, to avoid the process of transmission by law. For investors holding shares held in electronic form, the nomination has to be conveyed to their Depository participants directly, as per the format prescribed by them.

Outstanding GDRs/ ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity

NIL

Address for Correspondence:

For any shareholders, assistance the Company Secretary can be contacted at the following address:

Coromandel Engineering Company Ltd.
Parry House, 3rd Floor, No.43, Moore Street,
Parrys, Chennai – 600 001.
Phone: 044 - 25341513
E-Mail: coromandelengg@cec.murugappa.com

For all matters relating to Investor Relations

M/s. Karvy Computershare Private Limited
(Unit: Coromandel Engineering Company Limited),
Plot No. 17 to 24, Vittalrao Nagar
Madhapur, Hyderabad 500 081
Tel: 91-40-4465 5000/ 2342 0818
Fax: 91-40-2342 0814
Email: einward.ris@karvy.com
Website: www.karvycomputershare.com

VOLUNTARY COMPLIANCE CERTIFICATE

Company Name : COROMANDEL ENGINEERING COMPANY LIMITED
Corporate Identification No. : L74910TN1947PLC000343
Authorized Capital : Rs.35,00,00,000/-
Paid-up Capital : Rs.28,29,47,800/-

To

The Members

MESSRS. COROMANDEL ENGINEERING COMPANY LIMITED
'Parry House', 3rd Floor,
43, Moore Street,
Chennai – 600 001

We have examined the registers, records, books and papers of MESSRS. COROMANDEL ENGINEERING COMPANY LIMITED (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended 31st March, 2012. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in ANNEXURE 'A' to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has filed the forms and returns as stated in ANNEXURE 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities prescribed under the act and rules made there under.
3. The Company is a Public Limited Company and has the minimum prescribed paid up capital. The Company is a listed company and the shares are listed with Madras Stock Exchange Limited and Bombay Stock Exchange Limited.
4. The Board of Directors duly met SIX (6) times on 20th April 2011, 25th July 2011, 14th

November 2011, 25th January 2012, 21st February 2012 and 28th March 2012 in respect of which meetings proper notices were given and proceedings were properly recorded and signed including the circular resolutions dated 19th September 2011 and 29th November 2011 in the Minutes Book maintained for the purpose.

5. The Company closed its Register of Members from 14th July, 2011 to 28th July 2011 (both days inclusive) and necessary compliance of Section 154 of the Act has been made.
6. The Sixty Third Annual General Meeting for the financial year ended 31st March 2011 was held on 25th July, 2011 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No Extra-Ordinary General Meeting was held during the financial year. However, the Company has sought the approval of the shareholders for passing of resolutions under Sections 94(1), 31, 80 and 81(1A) of the Companies Act, 1956 through Postal Ballot after giving due notice to the members as per the provisions of Section 192A of the Companies Act, 1956 read with Companies (Passing of Resolutions by Postal Ballot) Rules, 2011 and the said results were announced at the Deemed Meeting held on 27th March 2012.

8. The Company has not advanced any loans or given any guarantees or provided any securities to its directors or persons or firms or companies referred under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Companies Act, 1956 during the financial year.
10. During the financial year, the company has not entered into any contracts falling within the purview of Section 297 and 299 of the Act. However, the transactions entered into with companies listed in the register maintained under Section 301(3) of the Act have been duly entered in the register maintained under Section 301 of the Act.
11. As per the information and explanation provided to us, there were no instances falling within the purview of Section 314 of the Act and hence obtaining approvals from the Board of Directors, Members or Central Government does not arise.
12. The Company has approved the issue of duplicate share certificates during the financial year.
13. The Company:
 - (i) has delivered all the certificates on lodgment thereof for transfer and transmission of securities in accordance with the provisions of the Act during the financial year.
 - (ii) has delivered the certificate on allotment of Redeemable Preference shares of Rs. 100/- each in accordance with the provisions of the Companies Act, 1956.
 - (iii) has deposited the amount of dividend declared at the Sixty Third Annual General Meeting held on 25th July 2011 in a separate bank account on 28th July, 2011 which is within five days from the date of declaration of such dividend.
 - (iv) has posted demand drafts for dividends to all the members within a period of 30 (Thirty) days from the date of declaration of such dividend.
 - (v) has transferred unclaimed/unpaid dividend pertaining to the financial years ended 31st March 2006, 31st March 2007, 31st March 2008, 31st March 2009 and 31st March 2010 to unpaid dividend account of the company and seven years has not expired for transfer of the same to Investor Education and Protection Fund.
 - (vi) has transferred unclaimed/unpaid dividend pertaining to the financial year ended 31st March 2011 declared at the 63rd Annual General Meeting held on 25th July 2011 to Unpaid Dividend Account of the Company maintained with HDFC Bank on 3rd August 2011 and seven years has not expired for transfer of the same to Investor Education and Protection Fund.
 - (vii) has not issued any equity shares or debentures and has not accepted any deposits and hence the question of transfer of application money due for refund, matured debentures, matured deposits and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund does not arise.
 - (viii) has complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. Messrs. Jitendra Virwani and K.E.Ranganathan resigned from the Board of Directors with effect from 25th July, 2011 and 14th November, 2011 respectively. Mr. N.V.Ravi was appointed as an Additional Director at the Board Meeting held on 21st February, 2012. There was no appointment of alternate directors or directors to fill casual vacancy during the financial year.
15. The Company has not appointed any Managing Director / Whole-time Director / Manager during the financial year.

16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Regional Director, Registrar, Company Law Board, Central Government and / or such authorities prescribed under various provisions of the Act during the financial year.
18. The directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. (a) The Company has not issued any equity shares or debentures during the financial year.
- (b) The Company has issued 25,00,000 Redeemable Preference shares of Rs.100/- each on preferential basis at the Board Meeting held on 28th March 2012 during the financial year.
20. The Company has not bought back any shares during the financial year and hence the question of complying with the buy back provisions does not arise.
21. (a) As per the terms of the Redeemable Preference shares issued by the Company, the Redeemable Preference shares shall be redeemed within a period of 18 months from the date of allotment i.e. 28.03.2012. During the financial year the Company has not redeemed the Preference shares.
- (b) The Company has not issued debentures and hence the question of redemption of debentures during the financial year does not arise.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The amount borrowed by the Company from banks and others during the financial year are within the borrowing limits of the company and that necessary resolution as per Section 293(1)(d) of the Act has been passed at the 61st Annual General Meeting of the Company held on 31st July 2009.
25. The Company has not made any loans, investments or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum of Association with respect to situation of the Company's Registered Office from one State to another during the financial year.
27. The Company has not altered the provisions of the Memorandum of Association with respect to the objects of the Company during the financial year.
28. The Company has not altered the provisions of the Memorandum with respect to name of the company during the financial year.
29. The Company has altered the provisions of the Memorandum of Association with respect to share capital of the Company during the financial year by increasing its Authorised Share Capital from Rs.4,00,00,000/- (Rupees Four Crores only) divided into 40,00,000 Equity Shares of Rs.10/- each to Rs.35,00,00,000/- (Rupees Thirty Five Crores only) divided into 1,00,00,000 (One Crore) Equity Shares of Rs.10/- (Rupees Ten only) each and 25,00,000 (Twenty Five Lakhs) Preference Shares of Rs.100/- (Rupees One Hundred only) each after obtaining approval of the members by way of Postal Ballot at the Deemed General Meeting held on 27th March 2012.

30. The Company has altered its Articles of Association after obtaining the approval of the Members at the 63rd Annual General Meeting held on 25th July, 2011 and at the Deemed General Meeting held on 27th March 2012 with respect to amendment of Article 96 and Article 6 respectively, during the financial year and the amendments thereto have been duly filed with the Registrar of Companies, Chennai.
31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. As per the information and explanations furnished to us, the Company has deposited both the Employer's and Employee's contribution to Provident Fund with the prescribed authorities pursuant to Section 418 of the Act.

**For R Sridharan & Associates
Company Secretaries**

Place: Chennai
Date : 16th April 2012

CS R Sridharan
FCS No. 4775
CP No. 3239

ANNEXURE 'A'

Company Name : COROMANDEL ENGINEERING COMPANY LIMITED
Corporate Identification No. : L74910TN1947PLC000343
Authorized Capital : Rs.35,00,00,000/-
Paid-up Capital : Rs.28,29,47,800/-

REGISTERS AS MAINTAINED BY THE COMPANY

Sl. No.	Section Number	Name of the Register
1.	143	Register of Charges
2.	108	Share Transfer Register
3.	150	Register of Members
4.	151	Index of Members
5.	193	Minutes of the meetings of the Board of Directors
6.	193	Minutes of the meetings of the Members
7.	193	Minutes of the Committee Meetings
8.	301	Register of Contracts
9.	303	Register of Directors
10.	307	Register of Directors Shareholding
11.	372A	Register of Investments / Loans / Guarantees and Securities
12.	-	Board Meeting Attendance Register
13.	-	Committee Meeting Attendance Registers
14.	-	General Meeting Attendance Register

For R. Sridharan & Associates
Company Secretaries

Chennai
April 16, 2012

CS R.Sridharan
CP No. 3239
FCS No. 4775

ANNEXURE 'B'

Company Name : COROMANDEL ENGINEERING COMPANY LIMITED
Corporate Identification No. : L74910TN1947PLC000343
Authorized Capital : Rs.35,00,00,000/-
Paid-up Capital : Rs.28,29,47,800/-

Returns/ Documents/ Forms filed with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31st March 2012

FOR THE FINANCIAL YEAR 2011-2012 [01.04.2011 TO 31.03.2012]

REGISTRAR OF COMPANIES

Sl. No	Form No.	Relevant Section	Description	Date of filing	Whether filed within prescribed time Yes/ No	If delay in filing whether requisite additional fee paid Yes/No	Remarks (SRN/ Amount Paid)
1	32	303	Resignation of Mr. Jitendra Virwani as a Director with effect from 25th July, 2011.	04.08.2011	Yes	NA	B17638255 Rs.500/- (N)
2	66	383A	Compliance Certificate issued by CS.R.Sridharan, M/s.R.Sridharan & Associates, Company Secretaries, Chennai for the financial year ended 31st March 2011.	23.08.2011	Yes	NA	P69504504 Rs.500/- (N)
3	23	192	Registration of Special resolution passed for Amendment of Article 96 of the Articles of Association at the 63rd Annual General Meeting held on 25th July 2011.	24.08.2011	Yes	NA	B18887752 Rs.500/- (N)
4	20B & Sch V	159	Annual Return made upto 25th July, 2011 (Date of 63rd AGM).	22.09.2011	Yes	NA	P70810254 Rs.500/- (N)
5	32	303	Resignation of Mr. K.E.Ranganathan as a Director with effect from 14th November, 2011.	26.11.2011	Yes	NA	B25754987 Rs.500/- (N)
6	23AC XBRL, 23ACA XBRL & Sch VI	220	Balance Sheet for the financial year ended 31st March, 2011.	30.11.2011	Yes	NA	P81885295 Rs.500/- (N)
7	1AA	5(f)	Appointment of Mr. R.Narayanan as officer under Section 5(f) with effect from 25.01.2012.	24.02.2012	Yes	NA	B32868465 Rs.500/- (N)
8	32	303	Appointment of Mr. N.V.Ravi as an Additional Director at the Board Meeting held on 21st February, 2012.	07.03.2012	Yes	NA	B33860867 Rs.500/- (N)
9	61	192A	Application with Registrar of Companies for passing of resolutions through Postal Ballot.	07.03.2012	Yes	NA	B33860446 Fee Not Applicable
10	1AA	5(g)	Withdrawal of consent by Mr. P.R.Sundar with effect from 29th February, 2012 consequent to his resignation.	09.03.2012	Yes	NA	B33977026 Rs.500/- (N)

ANNEXURE 'B'

Sl. No	Form No.	Relevant Section	Description	Date of filing	Whether filed within prescribed time Yes/No	If delay in filing whether requisite additional fee paid Yes/No	Remarks (SRN/ Amount Paid)
11	5	97	Notice of increase in Authorised Share Capital of the Company from Rs. 4 Crores to Rs. 35 Crores	28.03.2012	Yes	NA	B35571249 Rs. 15,50,000/- (N)
12	17	138	Satisfaction of Charge on 17.03.2012 for Rs. 9.79 lakhs originally created in favour of Indian Bank.	29.03.2012	Yes	NA	B35768506 Rs.500/-(N)
13	17	138	Satisfaction of Charge on 20.03.2012 for Rs. 40.00 lakhs originally created in favour of Indian Bank.	29.03.2012	Yes	NA	B35770163 Rs.500/-(N)
14	8	125	Modification of Charge as on 12.03.2012 for reduction of total credit limits from Rs.15 crores to Rs.10 crores in favour of DCB Bank.	30.03.2012	Yes	NA	B35810753 Rs.500/-(N)

REGIONAL DIRECTOR, CENTRAL GOVERNMENT

NIL

For R. Sridharan & Associates
Company Secretaries

CS R.Sridharan
CP No. 3239
FCS No. 4775

Chennai
April 16, 2012

AUDITORS' REPORT TO THE MEMBERS OF COROMANDEL ENGINEERING COMPANY LIMITED

We have audited the attached Balance Sheet of Coromandel Engineering Co Ltd as at 31st March, 2012 and the Profit & Loss Statement for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report)(Amendment) Order, 2004 issued by the Central Government of India in terms of subsection (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.

2. Further to our comments in the annexure referred to above, we report that:

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

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

c) The Balance Sheet, Profit & Loss Statement and Cash Flow Statement dealt with by this report are in agreement with the books of account.

d) In our opinion, the Balance Sheet, Profit & Loss Statement and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in subsection (3C) of Section 211 of the Companies Act, 1956.

e) On the basis of written representations received from the directors, as on 31st March, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

i) In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2012;

ii) In the case of the Profit & Loss Statement, of the loss for the year ended on that date and

iii) In the case of the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

For SUNDARAM & SRINIVASAN

Chartered Accountants
Regn.No.004207S

M PADHMANABHAN

Partner
Membership No.F13291

Place: Chennai
Date: April 26, 2012

ANNEXURE REFERRED TO IN PARA 1 OF THE AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF COROMANDEL ENGINEERING COMPANY LIMITED

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) According to the information given to us, major portion of fixed assets have been physically verified by the management during the year. In our opinion, the frequency of verification of fixed assets by the management is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) (a) The inventory has been physically verified by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanation given to us, the procedure for physical verification of inventory followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion, the Company has maintained proper records of inventory. The discrepancies between the physical stocks and the book stocks were not material and have been properly dealt with in the books of account.
- (iii) According to the information and explanations given to us, during the year, the Company has not granted or taken any loans to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for sale of goods. During the course of our audit, no major weakness in internal control has been noticed.
- (v) In our opinion and according to the information and explanation given to us, there were no transactions during the year that were required to be entered in the register maintained under section 301 .
- (vi) The Company has not accepted any deposits from the public.
- (vii) The Company has a system of internal audit which, in our opinion, is commensurate with its size and nature of business.
- (viii) The Central Government has vide notification dated 3rd June 2011 prescribed maintenance of cost records by various classes of companies. We have broadly reviewed books of accounts maintained by the company pursuant to the rules made by the Central Government for the maintenance of the cost records under Section 209 (1) (d) of the companies Act 1956 and are of the opinion, prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) According to the records, information and explanations given to us, the Company is generally regular in depositing with appropriate authorities, undisputed statutory dues in respect of provident fund, employees' state insurance dues, Investor Education and Protection fund, income-tax, wealth-tax, sales-tax, service tax, excise duty, cess and other statutory dues applicable to it and no undisputed amounts payable were outstanding as on 31st March, 2012 for a period of more than six months from the date they become payable.

- (b) According to the information and explanation given to us, the following are the details of disputed Excise Duty and Sales Tax dues that have not been deposited with the concerned authorities.

NAME OF THE STATUTORY DUES	FORUM WHERE DISPUTE IS PENDING	UNPAID AMOUNT (Rs.in lacs)
Excise Duty	Central Excise and Service Tax Appellate Tribunal	22.84
Andhra Pradesh VAT	The Appellate Deputy Commissioner (CT)	22.83
Income tax	Commissioner of Appeals	342.79

- (x) The company incurred a loss of Rs 2145.22 lacs during the current financial year and the accumulated losses at the end of the financial year is Rs 780.39 lacs (previous year – Nil). The company has incurred cash losses before tax of Rs 3088.12 lacs during the current financial year. The company has not incurred any losses in the immediately preceding financial year. The networth of the company at the end of the financial year is at Rs. 2269.92 lacs.
- (xi) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to Banks.
- (xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit/nidhi/mutual

benefit fund/society and hence clause xiii of the Order is not applicable.

- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments and hence clause xiv of the order is not applicable.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) In our opinion and according to the information and explanations given by the management, the term loans were applied for the purpose for which they were obtained.
- (xvii) According to the information and explanation given to us and on an overall examination of the Balance Sheet, in our opinion, the Company has not used any funds raised on short-term basis towards long-term investment.
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
- (xix) The Company has not issued any debentures.
- (xx) The Company has not raised any money by public issues during the year.
- (xxi) According to the information and explanations given to us by the management and based on audit procedures performed, no fraud on or by the company has been noticed or reported during the course of our audit.

For SUNDARAM & SRINIVASAN
Chartered Accountants
Regn.No.004207S

M PADHMANABHAN
Partner
Membership No.F13291

Place: Chennai
Date: April 26, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

(Rs in lacs)

Particulars	Note	As at March 31, 2012		As at March 31, 2011	
I EQUITY AND LIABILITIES					
1. Shareholders' Funds					
Share Capital	1	2,829.48		329.48	
Reserves and Surplus	2	(559.56)	2,269.92	1,585.66	1,915.14
2. Non Current Liabilities					
Long Term Borrowings	3	2,600.00		1,200.00	
Other Long Term Liabilities	4	45.90		102.70	
Long Term Provisions	5	48.36	2,694.26	32.11	1,334.81
3. Current Liabilities					
(a) Short Term Borrowings	6	2,970.40		5,464.90	
(b) Trade Payables	7	1,580.38		918.01	
(c) Other Current Liabilities	8	9,307.60		2,183.71	
(d) Short Term Provisions	9	577.89	14,436.27	670.03	9,236.65
Total			19,400.45		12,486.60
II ASSETS					
1. Non-Current Assets					
(a) Fixed Assets					
(i) Tangible Assets	10	2,380.76		1,775.54	
(ii) Intangible Assets		42.39		47.00	
(iii) Capital work in progress		-	2,423.15	-	1,822.54
(b) Non Current Investments	11	5.20		5.20	
(c) Deferred Tax Asset/(Liability) (Net)	12	989.49		(114.61)	
(d) Long Term Loans and Advances	13	51.02		44.55	
(e) Trade Receivables	14	934.91		467.99	
(f) Other Non Current Assets	15	465.00		465.00	
			2,445.62		868.13
2. Current Assets					
(a) Inventories	16	2,922.50		2,386.42	
(b) Trade receivables	17	4,733.53		2,968.35	
(c) Cash and Cash equivalents	18	556.90		356.45	
(d) Short Term Loans and Advances	19	438.85		339.84	
(e) Other Current Assets	20	5,879.90	14,531.68	3,744.87	9,795.93
Total			19,400.45		12,486.60

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For **Sundaram & Srinivasan**
Chartered Accountants
Regn No: 0042075

On Behalf of the Board

M.PADHMANABHAN
Partner
Membership no.: F13291
Chennai
April 26, 2012

SRIDHAR GANESH
Director

M.M.VENKATACHALAM
Chairman and Managing Director

R. NARAYANAN
Head Finance and Company Secretary

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

(Rs in lacs)

Particulars	Note	For the year ended March 31, 2012		For the year ended March 31, 2011	
I Revenue from Operations	21	17,046.09			11,275.24
II Other Income	22	78.79			185.34
III Total Revenue (I + II)			17,124.88		11,460.58
IV Expenses					
(a) Raw Materials Consumed	23	8,150.00		3,805.75	
(b) Purchase of Traded Stock		27.74		1.74	
(c) Changes in Inventories		(604.81)		(80.72)	
(d) Sub-contracting Expenses		6,310.67		3,744.58	
(e) Employee Benefit Expenses	24	1,879.11		1,139.46	
(f) Finance Cost	25	1,149.23		670.92	
(g) Depreciation		161.20		118.04	
(h) Other Expenses	26	3,301.06		1,655.69	
(i) Total Expenses			20,374.20		11,055.46
V Profit /(loss) before exceptional and extraordinary items and tax (III-IV)			(3,249.32)		405.12
VI Exceptional Items			-		-
VII Profit / (loss) after exceptional items before tax (V - VI)			(3,249.32)		405.12
VIII Extraordinary Items			-		-
IX Profit /(loss) before tax (VII- VIII)			(3,249.32)		405.12
X Tax expense/(gain)					
(1) Current tax			-		80.77
(2) Deferred tax			(1,104.10)		35.81
XI Profit / (Loss) for the period from continuing operations (IX-X)			(2,145.22)		288.54
XII Profit/(loss) from discontinuing operations			-		-
XIII Tax expense of discontinuing operations			-		-
XIV Profit /(loss) from Discontinuing operations (after tax) (XII-XIII)			-		-
XV Profit / (Loss) for the period (XI + XIV)			(2,145.22)		288.54
XVI Earnings per equity share:					
(1) Basic			(65.11)		8.76
(2) Diluted			-		-

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For **Sundaram & Srinivasan**
Chartered Accountants
Regn No: 004207S

On Behalf of the Board

M.PADHMANABHAN
Partner
Membership no.: F13291
Chennai
April 26, 2012

SRIDHAR GANESH
Director

M.M.VENKATACHALAM
Chairman and Managing Director

R. NARAYANAN
Head Finance and Company Secretary

Notes forming part of Accounts

Note 1

SHARE CAPITAL

(Rs. in lacs)

	As at March 31 2012	As at March 31 2011
Authorised		
Equity Shares		
100,00,000 (31 March 2011: 40,00,000) equity shares of Rs.10 each	1,000.00	400.00
Preference shares		
25,00,000(31 March 2011: Nil) preference shares of Rs. 100 each	2,500.00	-
	3,500.00	400.00
Notes: Pursuant to Sec 94 & other provisions of the Companies Act 1956, Authorised Share Capital of the Company has been increased from Rs. 400 Lacs to Rs. 3500 Lacs consisting of 1 crore Equity shares of Rs. 10 each & 25 Lacs preference shares of Rs.100 each as approved by the Shareholders through postal ballot.		
Issued, Subscribed and Paid Up		
Equity Shares		
22,74,485(31 March 2011 : 22,74,485) Equity shares of Rs. 10 each	227.45	227.45
1,44,000(31 March 2011 : 1,44,000) equity shares of Rs. 10 each issued as bonus shares by capitalisation of general reserve	14.40	14.40
8,76,295(31 March 2011 : 8,76,295) equity shares of Rs. 10 each Issued in pursuance of scheme of amalgamation of Polutech Ltd. & Coromandel Prodorite Pvt ltd with Coromandel Engg Co. Ltd.	87.63	87.63
Preference Shares		
25,00,000(31 March 2011: Nil) Preference Shares of Rs. 100 each issued on Preferential basis	2,500.00	-
	2,829.48	329.48

a. Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period;

	March 31 2012	March 31 2011
Equity Shares		
At the beginning of the period	3,294,780	3,294,780
Issued during the period – Bonus issue	-	-
Issued during the period – ESOP	-	-
Outstanding at the end of the period	3,294,780	3,294,780
Preference shares		
At the beginning of the period	-	-
Issued during the period	2,500,000.00	-
Issued during the period – ESOP	-	-
Outstanding at the end of the period	2,500,000.00	-

b. Terms/rights attached to equity shares :

The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend, if proposed by the Board Of Directors, is subject to approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts.

c. Terms / Rights attached to preference shares :

During the year ended 31st March 2012, the company issued 25,00,000 preference shares of Rs. 100 each fully paid up. The preference shares are cumulative in nature and carry a coupon of 0.01% p a. The preference shares are redeemable at the option of the company with 4 weeks notice and within 18 months from the date of issue. Each holder of the preference share is entitled to one vote per share only on resolution placed before the company which directly affects the rights attached to the redeemable cumulative preference shares.

Notes forming part of Accounts

Note 1 d. Shares in the company held by each shareholder holding more than 5 percent shares specifying the number of shares held

Sl.No	Name of the Shareholder	March 31 2012		March 31 2011	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	M A M Arunachalam	201610	6.12	201610	6.12
2	A Vellayan	201610	6.12	201610	6.12
3	Arun Alagappan	201610	6.12	201610	6.12
4	M M Venkatachalam	201610	6.12	201610	6.12
5	M M Murugappan	201610	6.12	201610	6.12
6	S. Vellayan	201610	6.12	201610	6.12
7	A Venkatachalam	201610	6.12	201610	6.12
8	R Narayanan	246912	7.49	246912	7.49

Note 2 RESERVES AND SURPLUS

(Rs. in lacs)

	As at March 31 2012	As at March 31 2011
(a) Capital Reserve	7.24	7.24
(b) General Reserve		
As Per last Balance Sheet	551.72	522.72
Add : Transfer from Profit and Loss Account	-	29.00
	551.72	551.72
(c) Investment Allowance Reserve	77.71	77.71
(d) Share Premium Account	135.88	135.88
(e) Surplus in Profit and Loss Account		
Balance as per last financial statement	813.11	649.30
Add : Net profit/(Loss) after tax for the year	(2,145.22)	288.54
Appropriations :		
Less : Transfer to General Reserve	-	(29.00)
Less : Proposed Final Dividend	-	(82.37)
Less : Dividend Tax	-	(13.36)
Balance available for Appropriation	(1,332.11)	813.11
	(559.56)	1,585.66

Note 3 LONG TERM BORROWINGS

	As at March 31 2012	As at March 31 2011
Secured		
Term loan from Co-operative Bank (Repayable in Feb 2014, secured against charge on present and future Fixed assets of the company, interest rate @ 9.75% p.a)	600.00	1,200.00
Term loan from Non Banking Financial Company (Repayable in 6 yearly installments with moratorium of 1 year, secured against charge on the present and future current assets of the Property development division, Interest rate @ 13.25% p a)	2,000.00	-
	2,600.00	1,200.00

Note 4

OTHER LONG TERM LIABILITIES

(Rs. in lacs)

	As at March 31 2012	As at March 31 2011
Trade Payables	45.90	102.70
	45.90	102.70

Note 5

LONG TERM PROVISIONS

	As at March 31 2012	As at March 31 2011
Provision for Employee benefits - Gratuity	25.11	15.36
Accrued leave encashment benefit liability	23.25	16.75
	48.36	32.11

Note 6

SHORT TERM BORROWINGS

	As at March 31 2012	As at March 31 2011
Secured		
Cash Credit from Banks	1,220.40	1,208.04
Working Capital Demand Loan (Secured by hypothecation of present and future stocks, Work in progress and receivables of the Company. They carry interest between 11.5% and 13.25% p.a. They are repayable on demand)	1,000.00	4,256.86
Unsecured		
From Banks (The above are repayable on demand and carry interest at 13.25%)	750.00	
	2,970.40	5,464.90

Note 7

TRADE PAYABLES

	As at March 31 2012	As at March 31 2011
Sundry Creditors		
(a) Purchases	860.42	561.66
(b) Expenses	719.96	356.35
	1,580.38	918.01

Note 8

OTHER CURRENT LIABILITIES

(Rs. in lacs)

	As at March 31 2012	As at March 31 2011
Advance from customers	3,757.75	296.48
Mobilisation advance	2,538.06	930.78
Outstanding Liabilities	1,697.31	174.99
Current maturities of long term borrowings	1,200.00	600.00
Unclaimed Dividend	4.86	4.02
Statutory Liabilities		
ESI employees recoveries	1.01	0.87
PF recoveries and remittance	12.47	6.54
Professional tax recovery and remittance	4.25	-
Service tax payable	29.46	145.32
TDS payable	27.15	15.19
VAT payable	7.24	0.55
Other payables	28.04	8.97
	9,307.60	2,183.71

Note 9

SHORT TERM PROVISIONS

	As at March 31 2012	As at March 31 2011
Bonus Payable	14.65	10.27
Others (towards incentives etc)	20.00	23.03
Leave Travel Assistance payable	7.64	5.40
Provision for taxation	535.60	535.60
Proposed Dividend	-	82.37
Tax on Proposed Dividend	-	13.36
	577.89	670.03

Note 10
FIXED ASSETS

(Rs. in lacs)

	Gross Block			Accumulated Depreciation				Net Block	
	Balance as at 01.04.2011	Additions/ (Deletions)	Deletions	Balance as at 31.03.2012	Balance as at 01.04.2011	Depreciation charge for the year	On deletions	Balance as at 31.03.2012	Balance as at 31.03.2011
a. Tangible Assets									
Land									
Assets under lease									
Buildings									
Plant and Equipment	2,043.43	729.38		2,772.81	311.57	128.52		2,332.72	1,731.86
Furniture and Fixtures	19.55	6.42		25.97	17.99	4.57		3.41	1.56
Vehicles	30.36	15.79	13.48	32.67	9.97	2.53	1.25	21.42	20.39
Office equipment	39.09	7.91	1.99	45.01	17.35	4.68	0.23	23.21	21.74
Others (specify nature)									
Total	2,132.43	759.50	15.47	2,876.46	356.88	140.30	1.48	2,380.76	1,775.55
b. Intangible Assets									
Computer software	90.04	16.30		106.34	51.86	14.08		40.40	38.18
Licenses and franchise	40.12			40.12	31.31	6.82		1.99	8.81
Others (specify nature)									
Total	130.16	16.30	-	146.46	83.17	20.90	-	42.39	46.99
c. Capital Work In Progress									
Total									
d. Intangible assets under Development									
Total (a + b + c + d)	2,262.59	775.80	15.47	3,022.92	440.05	161.20	1.48	2,423.15	1,822.54
Previous Year	1,705.80	557.13	0.34	2,262.59	322.12	118.04	0.11	1,822.54	1,383.68

Note 11 NON CURRENT INVESTMENTS

(Rs. in lacs)

	As at March 31 2012	As at March 31 2011
Shares in companies Non Trade		
Quoted fully paid up		
(a) Cholamandalam Investments & Finance Co Ltd	0.20	0.20
Consolidated Foundations India Ltd	0.04	0.04
Rock Cabco Ltd	0.02	0.02
V M Jog Constructions Ltd	0.05	0.05
Vajra Granites Ltd	0.01	0.01
Unquoted fully paid up		
(b) New India Co-operative Bank Ltd	5.00	5.00
Charmvell Electronics Ltd	0.50	0.50
Less : Provision for diminution in value of Investments	0.62	0.62
	5.20	5.20
Market value - Quoted Investment	0.48	0.45

Note 12 DEFERRED TAX ASSET/(LIABILITY)

	As at March 31 2012	As at March 31 2011
Timing Difference		
(a) - Depreciation	(123.45)	(123.45)
(b) - Leave Encashment	8.84	8.84
(c) - Unabsorbed Business losses	1,104.10	-
	989.49	(114.61)

Note 13 LONG TERM LOANS AND ADVANCES

	As at March 31 2012	As at March 31 2011
UNSECURED AND CONSIDERED GOOD		
Advance for hire of materials	51.02	44.55
	51.02	44.55

Note 14 TRADE RECEIVABLES

	As at March 31 2012	As at March 31 2011
Unsecured, Considered good		
Doubtful	934.91	467.99
Less: Provision for doubtful receivables	-	-
	934.91	467.99

Note 15 OTHER NON CURRENT ASSETS

(Rs. in lacs)

	As at March 31 2012	As at March 31 2011
Advance for properties	465.00	465.00
	465.00	465.00

Note 16 INVENTORIES

	As at March 31 2012	As at March 31 2011
(a) Raw Materials at cost	857.23	829.54
(b) Work-in-Progress at cost	2,023.83	1,419.02
(c) Land Cost	41.44	137.86
	2,922.50	2,386.42

Note 17 TRADE RECEIVABLES

	As at March 31 2012	As at March 31 2011
Unsecured - Considered good		
Outstanding for a period exceeding six months from the due date of payment		
(a) Unsecured, considered good	496.95	461.26
Doubtful	-	-
Less: Provision for doubtful debts	-	-
Total	496.95	461.26
(b) Other Receivables		
Unsecured, considered good	4,236.58	2,507.09
Doubtful	-	-
Less: Provision for doubtful debts	-	-
Total	4,236.58	2,507.09
Total (a + b)	4,733.53	2,968.35

Note 18 CASH AND CASH EQUIVALENTS

	As at March 31 2012	As at March 31 2011
(a) Balances with Banks		
Current Accounts	93.43	61.62
Margin Account - For Bank Guarantees	459.73	290.63
(b) Cash on hand	3.74	4.20
	556.90	356.45

Note 19

SHORT TERM LOANS AND ADVANCES

(Rs. in lacs)

	As at March 31 2012	As at March 31 2011
Unsecured and considered good		
Loans and Advances to suppliers and subcontractors	369.50	274.56
Others	69.35	65.28
	438.85	339.84

Note 20

OTHER CURRENT ASSETS

	As at March 31 2012	As at March 31 2011
(a) Interest accrued on deposits	33.79	11.60
(b) Advance for properties for development	841.88	764.59
(c) Deposits	178.66	101.96
(d) Advance Tax & TDS receivable	1,142.62	854.47
(e) Unbilled Contract in progress	3,588.03	1,874.38
(f) others	94.92	137.87
	5,879.90	3,744.87

Note 21

REVENUE FROM OPERATIONS

	As at March 31 2012	As at March 31 2011
(a) Sale of Services		
Proceeds on contract	14,519.32	9,393.57
Unbilled contract Revenue	2,426.46	1,874.38
Sale of Products	28.67	1.80
(b) Other Operating revenues		
Scrap and Sundry Sales	71.64	5.49
	17,046.09	11,275.24

Note 22

OTHER INCOME

	As at March 31 2012	As at March 31 2011
(a) Interest Income	32.71	19.22
(b) Dividend Income	0.66	0.66
(c) Commission Income	45.42	102.28
(d) Profit on sale of investments	-	56.26
(e) Miscellaneous receipt	-	6.92
	78.79	185.34

Note 23

COST OF MATERIALS CONSUMED

(Rs. in lacs)

	As at March 31 2012	As at March 31 2011
(a) Raw Materials Consumed		
Opening stock	967.40	732.59
Add: Purchases	8,081.27	4,040.56
	9,048.67	4,773.15
Less: Closing stock	898.67	967.40
Total	8,150.00	3,805.75
(b) Purchase of Traded stock	27.74	1.74
(c) Changes in Inventories		
Opening stock of		
Finished goods	-	-
Work-in-progress	1,419.02	1,338.30
Closing stock of		
Finished goods	-	-
Work-in-progress	2,023.83	1,419.02
(Increase)/ Decrease	(604.81)	(80.72)

Note 24

EMPLOYEE BENEFIT EXPENSES

	As at March 31 2012	As at March 31 2011
(a) Salaries, wages and bonus	1,648.10	940.65
(b) Contribution to provident and other funds	99.82	90.80
(c) Staff welfare expenses	131.19	108.01
	1,879.11	1,139.46

Note 25

FINANCE COST

	As at March 31 2012	As at March 31 2011
(a) Interest expense	1,030.35	630.72
(b) Interest paid on Share application money	15.34	
(c) Bank charges, guarantee commission and processing fees	103.54	40.20
	1,149.23	670.92

Note 26
OTHER EXPENSES

(Rs. in lacs)

	As at March 31 2012	As at March 31 2011
(a) Transport & freight	246.80	128.90
(b) Power and fuel	224.04	187.81
(c) Rent,Rates and taxes	1,030.91	304.74
(d) Repairs and maintenance		
- Buildings	7.80	9.88
- Plant and Machinery	110.72	85.39
- Others	23.21	13.42
(e) Insurance	108.21	70.63
(f) Printing & stationary	30.39	22.36
(g) Advertisement, Exhibition and Sales Promotion expenses	25.67	23.85
(h) Staff training expenses	4.45	1.98
(i) Loss on sale of Investments	-	0.06
(j) Payment to Auditors (see Note 27 (8))	7.06	3.25
(k) Directors' commission & sitting Fees	1.54	4.79
(l) Travelling expenses	228.75	123.16
(m) Telephone and Courier expenses	25.93	15.47
(n) Loss on sale of Fixed Assets (Net)	2.89	0.19
(o) Bad Debts/Advances written off	-	0.76
(p) Provision for diminution in value of Investments	-	0.12
(q) Professional and consultancy charges	235.59	182.10
(r) Donation	-	2.00
(s) Plant hire charges	969.06	468.38
(t) Miscellaneous expenses	18.04	6.45
	3,301.06	1,655.69

NOTE 27

1. SIGNIFICANT ACCOUNTING POLICIES

1.1. Basis of preparation of Financial Statements

The financial statements are prepared under the historical cost convention, on accrual basis and in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) and comply with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

1.2. Use of estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities as of the date of the financial statements and the reported amount of revenues and expenses for the year and disclosure of contingent liabilities as of the date of Balance Sheet. The estimates and assumptions used in the accompanying financial statements are based upon the management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual amounts could differ from these estimates.

1.3. Fixed Assets

Fixed Assets are carried at cost less accumulated depreciation. Cost includes related taxes, duties, freight, insurance etc. attributable to acquisition and installation of assets and borrowing costs incurred up to the date of commencing operations. Impairment loss is recognised, where applicable, when the carrying value of fixed assets exceeds its market value or the value in use whichever is higher.

1.4. Depreciation

Depreciation on Fixed Assets is provided on Straight Line Method as per Schedule XIV of the Companies Act, 1956. Depreciation on impaired assets is provided by adjusting the depreciation charge in the remaining periods so as to allocate

the asset's revised carrying amount over its remaining useful life. Intangible Assets are amortised over a period of three years.

1.5 Investments

All investments are valued at cost. Diminution in the value of investments other than temporary in nature is provided for.

1.6. Inventories

Materials at site are valued at cost on FIFO method. Work-in-Progress in respect of contracts till attaining a reasonable progress level and in property development till significant risks and rewards of ownership are transferred is valued at cost.

1.7. Revenue Recognition

- i) Revenue in respect of construction contracts including Property Development activity is recognised on percentage of completion method. Percentage of completion is arrived at as the proportion of contract costs incurred (including directly attributable borrowing costs) up to the Balance Sheet date to the estimated total contract costs.
- ii) Dividend from investments is accounted when received.

1.8. Contract Revenue /Sales

- i) Revenue in respect of billed and unbilled contracts/property development in progress includes recognised profits based on percentage of completion and retention on bills. Provision for expected losses is made irrespective of percentage of completion.
- ii) Revenue from Property Development activity is recognised when significant risks and rewards of ownership in the land and/or building are transferred to the customer.
- iii) Bill raised for value of work done in respect of completed and ongoing contracts including retention on bill is disclosed as proceeds on contracts.

- iv) Sale of goods and services are recognized when the goods are delivered or services rendered.
- v) Sales are recorded net of trade discounts/ rebates exclusive of sales tax.

1.9. Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of assets that necessarily takes substantial period of time to get ready for intended use are treated as part of the cost of such assets. All other borrowing costs are charged to revenue.

1.10. Employee Benefits

a. Short Term

Short term employee benefits, including accumulated compensated absences, are recognized as an expense as per the Company's scheme, based on expected obligations on undiscounted basis.

b. Long term

i. Long term employee benefits comprise of leave encashment which is provided for based on the actuarial valuation using the projected unit credit method.

ii. Provident Fund

Contributions are made to the Company's Employees Provident Fund Trust in accordance with the fund rules. The interest rate payable by the trust to the beneficiaries every year is being notified by the Government. The company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

iii. Superannuation

This is defined contribution plan. Fixed contributions to the Superannuation Fund administered by trustees and managed by Life

Insurance Corporation of India are charged to the Profit and Loss Account. The Company has no further obligations for future superannuation benefits other than its annual contributions and recognizes such contributions as an expense in the year incurred.

iv. Gratuity

The Company makes annual contribution to a Gratuity Fund administered by trustees and managed by Life Insurance Corporation of India (LIC). Liability for future gratuity benefits is accounted based on actuarial valuation, as at the Balance Sheet date, determined every year by LIC using projected unit credit method. Actuarial gains and losses, comprising of experience adjustments and the effects of changes in actuarial assumptions, are recognised immediately in the profit and loss account.

1.11. Taxation

Provision for current tax is made based on the liability computed in accordance with the relevant tax rates and tax laws. Provision for deferred tax is made for timing differences arising between the taxable income and accounting income calculated at the tax rates enacted or substantially enacted by the Balance Sheet date. Deferred tax assets are recognized only if there is a virtual certainty that they will be realised and are reviewed for appropriateness of their respective carrying values at each Balance Sheet date.

1.12. Provisions & Contingent Liabilities:

Provisions are recognized for known liabilities that can be measured where the Company has a present obligation as a result of past event. Contingent Liabilities are disclosed by way of note.

NOTE 27

(Rs. in lacs)

	As at March 31 2012	As at March 31 2011
2 Previous Year's figures have been regrouped to conform to the Current Year grouping.		
3 Contingent Liability		
3.1 Estimated amount of Contracts remaining to be executed on Capital Account not provided for	NIL	70.66
3.2 Guarantees issued by the Company's bankers for which the Company has given counter guarantees. (Net of guarantees for which Liability exists in the books of account)	4,646.47	2,116.12
Letter of Credits issued by the Company's bankers for which the Company has given counter guarantees	34.48	-
3.3 Estimated liability on account of certain taxes and duties not provided for		
i) Sales Tax		
Andhra Pradesh VAT for the year 2006-07 & 2007-08 (against which Rs 20.49 Lacs deposited with the Commercial Tax Officer, Hyderabad)	43.32	43.32
ii) Income Tax		
Appeals pending on various matters before CIT (Appeals)	316.58	106.17
- AY 2005-06 Rs. 1.90 lacs , AY 2008-09 Rs. 104.27 lacs		
- AY 2009-10 Rs. 210.41 lacs		
iii) Excise Duty		
Demand under dispute decided in favour of the Company pending before CESTAT based on Department appeal (against which Rs. 9.54 Lacs deposited with Central Excise Authority included under Loans & Advances)	32.38	32.38
4 Tender & Security Deposit in Schedule 9 include : (*)		
i) Fixed Deposit with a scheduled Bank	1.25	-
ii) Kissan Vikas Patra	0.19	0.19
iii) 6 Year NSC VIII issue	3.69	2.79
(*) Held by Commercial Tax & Other Authorities as Security Deposit		

NOTE 27 Contd..

5. Employee Benefits as per AS-15 (Revised)

5.1 Details of Actuarial valuation of Gratuity		2011-12	2010-11
i) Changes in Present Value of Benefit Obligation- Gratuity			
1	Present Value of Benefit Obligation at the beginning of the Period	45.03	28.95
2	Current Service Cost	7.40	5.05
3	Interest Cost	3.60	2.32
4	Benefits Paid	(2.21)	(1.66)
5	Actuarial (Gain)/Loss	12.95	10.37
6	Present value of Benefits Obligation at the end of the period	66.77	45.03

ii Changes in Fair Value of Plan Assets			
1	Fair Value of Plan Assets at the beginning of the Period	29.68	24.68
2	Expected return on Plan Assets	3.37	2.39
3	Contributions	15.35	4.27
4	Benefits Paid	(2.21)	(1.66)
5	Actuarial gain/(Loss) on Plan assets	-	-
6	Fair Value of Plan Assets at the end of the period	46.19	29.68

iii Amount recognised in the Balance Sheet			
1	Projected Benefit Obligation at the end of the period	66.77	45.03
2	Fair Value of Plan Assets at the end of the period	46.19	29.68
3	Liability recognised in the Balance sheet	20.58	15.35

iv Amount recognised in the Statement of Profit & Loss			
1	Current Service Cost	7.40	5.05
2	Interest Cost	3.60	2.32
3	Expected return on Plan Assets	(3.37)	(2.39)
4	Net Actuarial (Gain)/Loss recognised in the period	12.95	10.37
5	Past Service Cost		
6	Net Cost	20.58	15.35

v Principal Actuarial Assumptions			
1	Discount Rate	8%	8%
2	Estimated Rate of Return on Plan Assets	9.25%	9.15%
3	Expected rate of Salary increases	6%	6%
4	Attrition Rate	3%	3%

5.2 Details of Actuarial Assumptions for Leave encashment			
1	Discount Rate	8%	8%
2	Salary Escalation	6%	6%
3	Attrition Rate	3%	3%

5.3 **Note on Provident Fund** : With respect to the Provident Fund administered by the Company, the Company shall make good deficiency, if any, in the interest rate declared by Trust over statutory limit. Having regard to the assets of the fund and return on investments, the Company does not expect any deficiency in the foreseeable future.

NOTE 27 Contd..

(Rs. in lacs)

	As at March 31 2012	As at March 31 2011
6 (i) Salary and allowances include:		
-Retirement benefits paid on account of Leave encashment	5.73	1.76
(ii) Sundry Creditors include:		
-Dues to Micro, Small and Medium enterprises in respect of suppliers from whom intimation was received regarding their status under Micro, Small and Medium Enterprises Devl Act, 2006.	NIL	NIL
7 Income Tax Deducted at source on:		
Interest Receipts	3.60	0.77
8 Auditor's Remuneration (included in Note 26)		
Statutory Audit Fees	2.00	2.00
Tax Audit fees	0.50	0.50
Management services	3.00	-
Other services	0.60	0.45
Out of pocket expenses	0.19	-
Service Tax	0.77	0.30
9 Turnover		
Contract Revenue	16,945.77	11,267.95
Scrap & Sundry Sales	71.65	5.49
Merchant Sales	28.67	1.80
10 AS-7 disclosure for Contracts in Progress		
Contract revenue recognised	12,366.59	9,487.11
Contract Costs incurred	13,265.29	10,144.47
Advance Received	2,538.00	1,221.99
Retention	951.17	401.62
Due from Customers	3,699.19	1,874.38
11 Directors' Remuneration		
1. Directors' Sitting Fees	1.54	1.29
2. Commission	-	3.50
	1.54	4.79
3. Computation of Directors' Commission		
Profit as per Profit & Loss Account	NA	405.12
Less: Profit on Sale of Fixed Assets	NA	0.01
Less: Profit on Sale of Investments	NA	56.26
Add: Directors' Sitting Fees & Commission	NA	4.79
Profit as per Section 349	NA	353.64
Maximum Commission at 1% on profit as per Section 349	NA	3.54

NOTE 27 Contd..

(Rs. in lacs)

	As at March 31 2012	As at March 31 2011
12 Basic/Diluted Earnings Per Share		
- Profit/(loss) attributable to the Equity shareholders	(2,145.22)	288.54
- No. of Equity Shares Outstanding during the year	3294780	3294780
- Nominal value of Equity Share (Rs.)	10	10
- Basic Earnings Per Share (Rs.)	(65.11)	8.76
- Diluted Earnings Per share (Rs.)	NA	NA
13 Deferred tax asset on account of unabsorbed capital Loss on Sale of investments/provision for diminution in value of investments not recognised in the accounts on the basis of prudence in accordance with Accounting Standard 22 - Accounting for taxes on income	17.99	17.99
14 The Company is engaged in Construction activity and as there is no other activity, separate segmental reporting as per Accounting Standard 17 is not applicable		
15 Expenditure in Foreign currency	NIL	NIL
16 Related Party Transactions		
Mr. G. Viswanath Kumar, Sr. Vice President Key Management Personnel		
Remuneration to key Management Personnel	43.50	43.16

As per our report of even date
For **Sundaram & Srinivasan**
Chartered Accountants
Regn No: 004207S

On Behalf of the Board

M.PADHMANABHAN
Partner
Membership no.: F13291

SRIDHAR GANESH
Director

M.M.VENKATACHALAM
Chairman and Managing Director

Chennai
April 26, 2012

R. NARAYANAN
Head Finance and Company Secretary

CASH FLOW STATEMENT

PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENTS (AS AMENDED)

(Rs. in lacs)

	31st March 2012		31 st March 2011	
Cash Flow from Operating Activities				
Net Profit/ (Loss) before tax as per P&L a/c		(3,249.32)		405.12
Adjustment for :				
Depreciation	161.20		118.04	
Finance Charges	1,149.23		670.92	
Interest Income	(32.71)		(19.22)	
Dividend Income	(0.66)		(0.66)	
(Profit) / Loss on sale of investment (Net)	0.00		(56.08)	
(Profit) / Loss on sale of assets (Net)	2.89	1,279.95	0.19	713.19
Operating Profit before working capital changes		(1,969.37)		1,118.31
Adjustments for :				
Trade and Other Receivables	(4,184.48)		(1,504.00)	
Inventories	(536.08)		(315.53)	
Trade Payables	7,749.30	3,028.74	508.03	(1,311.50)
Cash Generated from Operations		1,059.37		(193.19)
Direct Taxes Paid		(288.15)		(208.11)
Dividend paid		(95.73)		(76.84)
Net Cash from Operating Activities		675.49		(478.14)
Cash Flow from Investing Activities				
Purchase of Fixed Assets	(775.80)		(557.13)	
Sale of Fixed Assets	11.11		0.04	
Sale of investment			57.13	
Dividend Received	0.66		0.66	
Net Cash used in Investing Activities		(764.03)		(499.30)
Cash flow from Financing Activities				
Issue of Preference Shares	2,500.00			
Loans Net of Repayment	(1,094.49)		1,731.83	
Finance Charges	(1,149.23)		(670.92)	
Interest income	32.71		19.22	
Net Cash used in Financing Activities		288.99		1,080.13
Net increase/ (decrease) in Cash and Cash Equivalents		200.45		102.69
Opening balance of Cash and Cash Equivalents		356.45		253.76
Closing balance of Cash and Cash Equivalents		556.90		356.45

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For **Sundaram & Srinivasan**
Chartered Accountants
Regn No: 0042075

On Behalf of the Board

M.PADHMANABHAN
Partner
Membership no.: F13291
Chennai
April 26, 2012

SRIDHAR GANESH
Director

M.M.VENKATACHALAM
Chairman and Managing Director

R. NARAYANAN
Head Finance and Company Secretary



COROMANDEL ENGINEERING COMPANY LTD
 Registered Office: Parry House, III Floor, 43, Moore Street, Chennai 600 001

ATTENDANCE SLIP

To be handed over at the entrance of Meeting hall

Name of the attending Member (in block letters) :

Member's Folio / Account Number :
 (To be filled in if the Proxy attends instead of the Member)

Number of shares held :



COROMANDEL ENGINEERING COMPANY LTD
 Registered Office: Parry House, III Floor, 43, Moore Street, Chennai 600 001

PROXY FORM

Reg. Folio No. No. of shares held

I / Weresiding at

being a member / members of Coromandel Engineering Company Limited do hereby

appoint Sri S/o. residing at

failing him..... Son of

residing at
 as my/ our proxy and to vote for me/us, on my/our behalf at the 64th Annual General Meeting of the Company to be held at "Parry House", III Floor, No.43 Moore Street, Chennai 600 001 on Saturday, the 28th July 2012 at 2 00pm. and at any adjournment thereof.

Revenue
Stamp

Signed this.....day of.....2012.

Note: The Proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the meeting.



COROMANDEL ENGINEERING COMPANY LIMITED
Registered Office : Parry House, III Floor, 43, Moore Street,
Chennai - 600 001. Ph: +91-44-25301700
www.coromandelengg.com