

**COROMANDEL ENGINEERING
COMPANY LIMITED**

**SIXTYFIRST
ANNUAL REPORT
2008 - 2009**

Front cover photograph:

A.I.O.B.E.U. Community Centre
Radhakrishnan Salai
Chennai



BOARD OF DIRECTORS

Shri M.A.M. ARUNACHALAM

Shri K.T. KUMAR

Shri S.S. RAJSEKAR

Shri J. SRINIVASAN

Shri V. VENKITESWARAN

BANKERS

INDIAN BANK

AUDITORS

M/s. SUNDARAM & SRINIVASAN

Chartered Accountants

23, C.P. Ramaswamy Road

Alwarpet, Chennai - 600 018.

REGISTERED OFFICE

"Parry House", III Floor,

43, Moore Street,

Chennai - 600 001.

COROMANDEL ENGINEERING COMPANY LIMITED

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the **SIXTY FIRST Annual General Meeting** of the shareholders of **COROMANDEL ENGINEERING COMPANY LIMITED**, will be held on **FRIDAY the 31st July 2009** at **10.15 a.m. at the Registered Office of the Company at 3rd Floor, at "PARRY HOUSE", No.43, Moore Street, Chennai 600 001** to transact the following business.

Ordinary Business

1. To receive, consider and accept the Directors' Report and the Audited Profit and Loss Account for the year ended 31st March, 2009 and the Balance Sheet as at that date and the Report of the Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in the place of Shri.K.T.Kumar, 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, be and are hereby re-appointed as the 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.1,50,000/- (Rupees One lakh and fifty thousand only) plus the applicable taxes and reimbursement of traveling and out of pocket expenses actually incurred by them.

Special Business

5. To consider and if deemed fit, to appoint Mr J Srinivasan as a Director in respect of whom the Company has received a notice pursuant to Section 257 of the Companies Act, 1956 from a Member along with a deposit of Rs.500/- signifying his intension to move the following resolution as an **Ordinary Resolution**.

RESOLVED THAT Mr J Srinivasan be and is hereby appointed as a Director of the Company

6. To consider and if deemed fit, to appoint Mr V Venkiteswaran as a Director in respect of whom the Company has received a notice pursuant to Section 257 of the Companies Act, 1956 from a Member along with a deposit of Rs.500/- signifying his intension to move the following resolution as an **Ordinary Resolution**:

RESOLVED THAT Mr V Venkiteswaran be and is hereby appointed as a Director of the Company

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

RESOLVED THAT pursuant to Section 293(1) (d) and all other applicable provisions, if any, of the Companies Act, 1956, consent be and is hereby accorded to the Board of Directors to borrow monies, from time to time, for the purposes of the business of the Company, at its discretion, notwithstanding the fact that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's Bankers in the ordinary course of business) either from the Company's Bankers and / or any one or more persons or Financial Institutions or Mutual Funds or Bodies Corporate or Foreign Institutional Investors or Foreign Companies whether by way of cash credit, advances, loans, including foreign currency loans, or bill discounting, issue of debentures, bonds, or otherwise and whether secured or unsecured by mortgage, charge, hypothecation, lien or pledge of the Company's assets and properties, whether movable or immovable, or stock-in-trade and work-in-progress exceed the aggregate of the Paid-up Capital and Free Reserves of the Company, that is to say, Reserves not set apart for any specific purpose on such terms and conditions as may be considered suitable by the Board of Directors provided that the total amount so borrowed and outstanding at any time shall not exceed Rs.75,00,00,000/- (Rupees Seventy Five Crores only).

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to do all such acts, deeds and things as they may deem necessary for giving effect to the aforesaid resolution.

On behalf of the Board

Place : Chennai
Date : 17th June 2009

M.A.M. ARUNACHALAM
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 Friday, the 17th July, 2009 to Friday, the 31st July, 2009 (both days inclusive).
4. Dividend as recommended by the Board, if declared at the meeting, the payment will be made within 30 days to those members whose names appear in the Register of Members of the Company as on 31st July, 2009 or to their nominees / mandatees.
5. 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.
6. Members who have not encashed their dividend warrants for the period 2005-2006, 2006-07 & 2007-2008 are requested to lodge their claims with the Company.
7. Members are requested to notify the change in their address, if any, immediately so that the dividend 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 cases of Shareholders holding shares in demat form, the same is to be sent directly to their Depository Participants.
8. As per clause 49 of the Listing Agreement, a brief resume and functional expertise of the Directors proposed for appointment / reappointment are furnished below along with the details of Companies in which they are Directors and the Board Committees of which they are members.

Mr. K T Kumar

Mr.K.T.KUMAR (65) is a graduate in Science with Mathematics as major from Madras University. He is an industrialist and has experience of over 41 years in the field of Industrial Management.

Mr.K.T. Kumar 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	Chairman/Member
Nil	Nil	Nil

Mr. J Srinivasan

Mr. J. Srinivasan, aged 69 years holds a Bachelor's Degree in Economics - Political Science - Commerce combination from the University of Delhi. He is also a Fellow member of the Institute of Company Secretaries of India. He has been in Industry for over 51 years in different capacities. Presently, he is the Mentor Director of the TTK Group. Till October 31, 2006 he was concurrently CEO of both TTK-LIG Limited and SSL-TTK Limited. He was with the TI Group, since November 1957 till 1973. After a short stint at Agrocargo Transport he joined Mysore Paper Mills in 1975 as its Secretary. After 4 years each with MPM and Garwares, in 1982, he joined the TTK Group, as its Group Secretary. In 1989 he took over as Managing Director of TTK LIG. 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.

Mr. J Srinivasan 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	Chairman/Member
TTK Healthcare Ltd	Nil	Nil
SSL-TTK Ltd	Nil	Nil

Mr. V Venkiteswaran, B.E. AMP (HARVARD)

Mr. V.Venkiteswaran, aged 62, has business experience of over 38 years in diverse activities. He is a Mechanical

COROMANDEL ENGINEERING COMPANY LIMITED

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.

Mr. V.Venkiteswaran 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	Chairman/Member
TATA TEA Incorporated U.S.A	Nil	Nil
ZHEJIANG TATA TEA Extracts Co	Nil	Nil

On behalf of the Board

Place : Chennai
Date : 17th June 2009

M.A.M. ARUNACHALAM
Director

ANNEXURE TO THE NOTICE

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

Item nos. 5 & 6.

The Board of directors at their meeting held on 31st July 2008 appointed Mr. J Srinivasan and Mr. V Venkiteswaran as additional directors of the Company. As additional directors, they hold office up to the date of this annual general meeting. The company has received notice along with a deposit of Rs.500/- from two of the members of the company under section 257 of the Companies Act, 1956 proposing the appointment of Mr. J Srinivasan and Mr. V Venkiteswaran as Directors of the Company.

Accordingly an Ordinary resolution as set out under item no 5 & 6 of the Notice is submitted for the approval of the members.

None of the Directors other than Mr. J Srinivasan and Mr.V.Venkiteswaran are deemed to be interested or concerned in the Resolution relating to their appointment.

Item No 7

Recently, there has been a significant increase in the operations of the Company and your Directors anticipate increased borrowing from bank/financial institutions to meet the fund requirements of the company. The shareholders had earlier

authorised the Board of Directors of the Company to borrow funds up to a maximum amount of Rs. 50,00,00,000/- (Rupees Fifty Crores only) at the deemed General Meeting held on 3rd February 2006.

It is considered desirable to increase the present borrowing powers of the Board of Directors from the existing maximum limit of Rs.50,00,00,000/- (Rupees Fifty Crores only) to Rs.75,00,00,000/- (Rupees Seventy Five Crores only).

As per Section 293 (1) (d) of the Companies Act, 1956, approval of the members is required to be sought to borrow monies (excluding temporary loans obtained from the Company's Bankers in the ordinary course of business) in excess of the aggregate of paid-up capital and free reserves of the company, that is to say, reserves not set apart for any specific purpose.

Accordingly, an Ordinary resolution as set out in item no. 7 of the Notice is of an enabling nature and is placed before the members for approval. On this resolution being passed, it would supersede the earlier resolution passed in this regard at the deemed General Meeting held on 3rd February 2006.

Your Board of Directors commend the above resolution for your approval.

None of the Directors are in any way interested or concerned in the above Resolution.

On behalf of the Board

Place : Chennai
Date : 17th June 2009

M.A.M. ARUNACHALAM
Director



DIRECTORS' REPORT

Your Directors have pleasure in presenting their Report together with the audited accounts for the year ended 31st March 2009.

FINANCIAL HIGHLIGHTS

	2008-09	2007-08
	Rs.	Rs.
Profit /(Loss) Before Interest, & Depreciation	90,709,079	63,045,918
Less: Depreciation	8,533,196	4,287,269
Interest	10,753,626	6,009,175
Profit before Tax	71,422,257	52,749,474
Less: Provision for Taxation	24,721,312	11,462,614
Profit After Tax	46,700,945	41,286,860
Less: Taxation relating to earlier years	303,710	-
Transfer to General Reserve	18,500,000	16,500,000
Proposed Dividend	9,884,340	6,589,560
Tax on Dividend	1,679,844	1,117,260
Add: Earlier year's profit/loss brought forward	36,586,480	19,506,440
Profit carried to Balance sheet	52,919,531	36,586,480

OPERATIONS AND PERFORMANCE

During the year under review, your Company recorded a turnover of Rs.10,024.64 Lacs and PBT of Rs.714.22 Lacs as against the last year turnover of Rs. 6,800.84 Lacs and PBT of Rs.527.49 Lacs.

Your Company has successfully completed construction of Factory Buildings for Tata Ryerson Ltd. for their plate processing project at Tada, Andhra Pradesh, Civil Works for Roll Press for India Cements Ltd. at Chilamkur, Andhra Pradesh., Community Centre for All India Overseas Bank Employees' Union at R.K.Salai, Mylapore, Chennai.

Construction of 48 Residential Apartments at Avinashi Road, Coimbatore was completed during the year. The Company is presently executing Rs.56.00 Crores civil order for Silk Road Sugars P.Ltd at Kakinada, Andhra Pradesh and has executed substantial part of the order including main structures to facilitate the clients planned requirements.

Your Company during the year has acquired Plant and Machinery for operation and other Fixed Assets amounting to Rs.751.11 Lacs.

DIVIDEND

The Company has earned a net profit after tax of Rs 463.97 Lacs. Your Directors are pleased to recommend a dividend of Rs. 3.00 (30%) per equity share of Rs.10/- each for the financial year ended March 31, 2009. The total outgo on account of the dividend to be paid to the shareholders will be Rs 115.64 Lacs (inclusive of dividend distribution tax).

DIRECTORS

In accordance with Section 256 of the Companies Act, 1956 and Article 92 of the Articles of Association of the Company Shri. K T Kumar Director, retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

Mr.J.Srinivasan and V.Venkiteswaran were appointed as Additional Directors at the meeting of the Board held on 31.07.2008. Their term of office will expire at the Sixty First Annual General Meeting.

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

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 be re-appointed as the Statutory Auditor 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 their 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.

DEPOSITS

The Company has not accepted any deposits.

CORPORATE GOVERNANCE

Pursuant to clause 49 of the listing agreement with the Stock Exchange, Management Discussion and Analysis Report,

COROMANDEL ENGINEERING COMPANY LIMITED

Corporate Governance Report and a Certificate regarding compliance of conditions of Corporate Governance are made a part of the Annual Report.

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, 2009 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 profit 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.

RIGHTS ISSUE

The Company came out with a Rights Issue of 16,47,390 equity shares of Rs.10/- each for cash at a premium of Rs.10/- per equity share (Issue price Rs.20/- per share) to the existing shareholders of the Company in the ratio of one equity share for

every one equity share held as on the record date i.e., 20th August, 2008 aggregating to Rs.329,47,800/-. The issue was closed on September 29, 2008 and the allotment was made at the Board meeting held on 14th October, 2008. The approval of Madras Stock Exchange for listing of the aforesaid shares was received vide its letter dated .MSE/LD/PSK/738/458/08 dated 24th October 2008.

SECRETARIAL COMPLIANCE CERTIFICATE

Pursuant to Section 383A of the Companies Act, 1956 read with the Companies (Compliance Certificate) Rules 2001 the certificate issued by Messrs. R.Sridharan & Associates, Company Secretaries, is attached hereto.

PARTICULARS OF EMPLOYEES

The details required to be covered under sub-section 2A of Section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended is appended herewith.

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

The Company has no activity relating to consumption of energy, technology absorption and foreign exchange earnings during the year. Hence, there are no particulars required to be furnished under Section 217(1)(e) of the Companies Act, 1956. The details of foreign exchange outgo is provided below:

Particulars	Amount (in INR)
Traveling for business purpose	157,298/-

GENERAL

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

Your Directors also place on record their appreciation for the continued dedicated performance and commitment by Officers, Staff of the Company.

On behalf of the Board

M.A.M. ARUNACHALAM
K.T. KUMAR
Directors

Place : Chennai
Date : 17th June 2009



ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217 (2A) read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report - Details of Remuneration paid for the year ended 31st March, 2009

Name (Age)	Designation of the employee/ Nature of duties	Remuneration Rs.	Qualification/ Experience (Years)	Date of commencement of employment	Previous Employment
(1)	(2)	(3)	(4)	(5)	(6)
G. Viswanath Kumar (53)	Senior Vice President	3,827,523	B.Tech, MBA (29)	05.12.2005	Larsen & Toubro
M. Thanumamoorthy (57)	Vice President (Operations)	2,856,693	B.E. (Civil) (29)	01.08.1988	Subramani Aiyar & Co.

1. Remuneration as shown above includes salary, allowance, leave travel assistance, Company's contribution to Provident Fund, Superannuation Fund & Gratuity Fund, Medical facilities and perquisites valued in terms of actual expenditure incurred by the employee(s) excepting certain expenses where the actual amount of expenditure cannot be ascertained with reasonable accuracy, and in such cases notional amount as per Income- Tax Rules have been adopted.
2. The above mentioned employees are whole time employees of the Company and were employed throughout the year and the nature of employment is contractual.
3. None of the above employee is related to any Directors of the Company.

On behalf of the Board

M.A.M. ARUNACHALAM
K.T. KUMAR
Directors

Place : Chennai
Date : 17th June 2009

COROMANDEL ENGINEERING COMPANY LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY UPDATES

Construction Industry accounts for about 5% of the total GDP and is the second largest employment provider in India after agriculture. During the year 2008-09, there has been a general down trend in the economy world wide. The most noticeable factor for this downward trend is the drop in the growth rate of industry segment. The weakening of global economy coupled with the rising inflation during the second half of FY 2008-09, high interest rate and liquidity crunch further decelerated the growth.

However India recorded a growth rate of about 7% though it is lower than the average rate of about 8 to 8.5% for the past five years. The growth momentum has been broad based by opening up of crucial infrastructure sectors to private players and foreign investors. Landmark reforms have been witnessed in telecommunication, airports, transportation and real estate development activities.

With the stimulus packages evolved by the Government in the later half of FY 2008-2009 and with the stable Government being elected in the centre, the economy is likely to witness a stable growth in the years to come.

OPPORTUNITIES & CHALLENGES

Out of the total investment of about USD 500 billion estimated under the Eleventh Five Year Plan in the Infrastructure Construction Business, the construction industry is likely to attract USD 250-275 billion. New capacity creation in the major industries like steel, cement, petrochemicals etc would benefit the construction industry. With rapid commercialization of retail industry, demand for housing / commercial space is expected to emanate from new areas beyond the metro cities.

Reports indicate that there has been a 47 million numbers shortfall in the affordable housing scheme being developed by Government in the Eleventh Five year plan. It is learnt that Government is considering opening up this sector on a public private partnership basis, which might provide a plenty of opportunity for the real estate sector.

The boom in the construction industry in the past few years has also led to the growth of lot of competitors. This is a real challenge which needs to be over come in the coming years.

REVIEW OF BUSINESS OF COROMANDEL ENGINEERING COMPANY LTD

As regards Residential Projects, the Company has sufficient land banks and the prospects of new joint ventures are also in the pipeline. With the softening of interest rates and the price corrections happening in the market, it is expected that the real estate sector will pick up the demand levels as in the past few years from the second half of FY 2009-10.

On the Civil Constructions side, Company has a healthy order book to achieve the budgeted turnover during the financial year 2009-10. Projects which were quoted by the Company and deferred by the clients during the FY 2008-09 are being pursued by them and is expected to be converted into orders in the year 2009-10. Also the Company is in the process of reviving the specialized construction activity like pile construction etc, in which the Company was a pioneer in earlier years to get diversified orders. With the impetus being given by the Government for overall infrastructure development, there will be a level playing field for all categories of civil engineering companies to improve the overall performance.

RISKS AND CONCERNS

While the real estate sector continues to be impacted by liquidity crunch and slowdown in offtake, the Projects in civil constructions show a sign of revival. Bank loans to real estate sector have decelerated substantially in the last one year. The IT sector employees were contributing to an upsurge in the residential market, the slowdown in that sector has led to the down trend in real estate sector.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONS

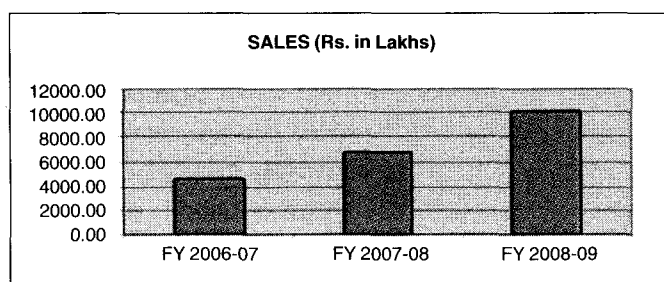
Income from Operations:

Description	Year ended 31.3.09 (Rs in Cr)	Year Ended 31.3.08 (Rs in Cr)	Growth %
Contract Revenue	100.05	66.55	50.33
Merchant Sales	0.20	1.46	-
Total	100.25	68.01	47.40

As it is evident from the above summary, during the FY 2008-09, the Company has achieved a **milestone of Rs 100 Crore turnover**, with a growth of about 47% from the



year 2007-08. This was achieved despite a general slowdown in the economy. The residential projects under the property development sector did not evolve much of the demand on account of the market conditions and consequently the turnover from that sector accounted for Rs 1.50 Crores out of the total turn over of Rs 100 Crores. There was a marked improvement in the turnover from civil construction, wherein few new clients were identified.



Other Income

Other Income has increased from Rs 0.23 Crores from the FY 2007-2008 to Rs 0.38 Crores during the FY 2008-09, mainly on account of the interest income and also on account of scarp sales.

Expenditure

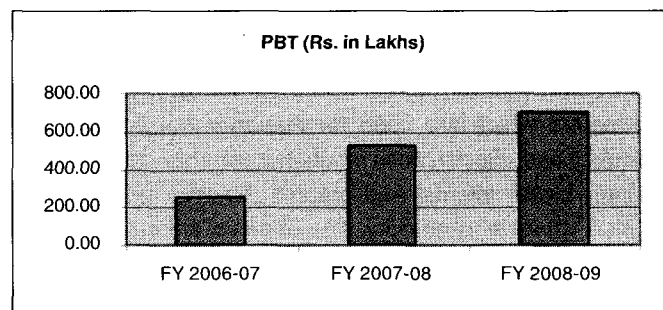
The total expenditure with respect to the yearly revenue is as under:

	2008 - 2009		2007 -2008	
	Rs. In Crores	%	Rs. In Crores	%
Revenue from Operations	100.25	100.00	68.01	100.00
Cost of Sales	87.47	87.26	59.10	86.91
Salaries & Other Benefits	1.81	1.81	1.57	2.31
Other Expenses	2.27	2.26	1.26	1.85
Interest on Borrowings	1.08	1.07	0.60	0.88
Depreciation	0.85	0.85	0.43	0.63
	93.48	93.25	62.96	92.58

Net Profit

Amount : Rs in Crores

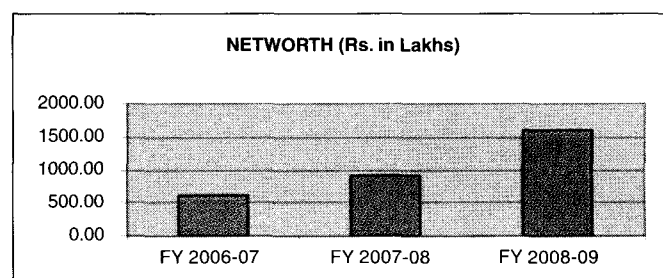
	2008-2009	2007-2008
Total Revenue	100.62	68.24
Profit Before Tax (PBT)	7.14	5.27
PBT as % of Revenue	7.10	7.73



Rights Issue

During the year the Company issued further equity shares of 1,647,390 numbers on rights basis of one equity shares for every equity shares towards the working capital requirements. The rights shares were offered @ Rs 20 per share (being the face value of Rs 10 and share premium of Rs 10). The entire rights issue was subscribed in full and allotted. The rights issue expense of Rs 2,885,977 has been set off against the share premium of Rs 16,473,900 and the balance amount of share premium of Rs 13,587,923 is reflected under the Securities Premium account in Reserves & Surplus.

The net worth of the Company as at March 31, 2009 is at Rs 1580.23 Lakhs as compared to Rs 931.28 Lakhs as at March 31, 2008.



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.

Internal guidance and control systems provide management with the information necessary for decision making and evaluation of activities. Internal control covers both economic and other forms of control. Actual accomplishment of control is undertaken not just by the management but by the entire organisation.

COROMANDEL ENGINEERING COMPANY LIMITED

Your company has established and is maintaining adequate controls within the system to ensure the completeness, accuracy, and authority of all financial information and of all other information which are used for management 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 to 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 finding 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

Human resources continued to be one of the biggest assets of the Company. The management has been paying special

attention to various aspects like training, welfare and safety and thereby further strengthening the human resources. Relations with the employees remained cordial throughout the year. The work and jobs at all levels in your company are designed, organized and managed effectively by interaction between the management & employees.

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

M.A.M. ARUNACHALAM
K.T. KUMAR
Directors

Place : Chennai

Date : 17th June 2009



REPORT ON CORPORATE GOVERNANCE

The Directors have great pleasure in presenting the First Report on Corporate Governance for the year ended 31st March, 2009.

Corporate governance is a set of processes, customs, policies, laws, and institutions affecting the way an organisation is directed, administered or controlled. Corporate governance also includes the relationships among the the stakeholders involved and the goals by which the organisation is governed. 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.

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.

2. Board of Directors

Composition

The Board has five 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, 2009 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	Nil
2	Mr. K T Kumar	Non Executive, Independent	Nil	Nil
3	Mr. S S Rajsekar	Non Executive Independent	2	Nil
4	Mr. J Srinivasan #	Non Executive Independent	2	Nil
5	Mr. V Venkiteswaran #	Non Executive Independent	1	Nil

* 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/ Investors Grievance Committee

Co- opted as an Additional Director of the Company w.e.f 31st July, 2008.

COROMANDEL ENGINEERING COMPANY LIMITED

None of the Directors on the Board is a member in more than ten committees and Chairman of more than five committees (as specified in Clause 49(l) (C) of the Listing Agreement), across all companies in which he is a Director.

The Independent Directors have confirmed that they satisfy the "criteria of independence" as stipulated in the amended Clause 49(l) (A) of the Listing Agreement.

The Board has formal schedule of matters reserved for its consideration and decision. This includes setting performance targets, reviewing performance, approving investments, ensuring adequate availability of financial resources and reporting to the shareholders.

The Board has laid down a 'Code of Conduct' for all Board Members and the Senior Management of the Company. Annual Declaration is obtained from every person covered by the Code of Conduct. A declaration to this effect given by Mr.G.Viswanath Kumar, Sr. Vice President is attached to this report.

Changes in the composition of the Board during the year 2008 - 2009:

Mr.J. Srinivasan and Mr.V.Venkiteswaran were appointed as Additional Director w.e.f 31st July 2008.

Details of Director seeking appointment/reappointment

Mr.J.Srinivasan and Mr.V.Venkiteswaran appointed as Additional Directors w.e.f 31st July 2008 will hold office up to the date of the ensuing Annual General Meeting. The Company has received a notice pursuant to Section 257 of the Companies Act, 1956 from two of the members along with a deposit of five hundred rupees each, signifying the intention to move a resolution at the ensuing Annual General Meeting of the Company for the appointment of Mr. J.Srinivasan and Mr.V.Venkiteswaran as Directors of the Company.

Mr. K T Kumar, Director retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for reappointment.

Relevant details relating to the above Directors are furnished in the Notice convening the Annual General Meeting to be held on Friday the 31st July, 2009 which forms part of the Annual Report.

Board Meetings and Attendance at Board Meetings & Annual General Meeting

The Board of Directors met nine times during the financial year 2008 - 2009 i.e. on 08.04.2008, 29.05.2008, 31.07.2008,

25.08.2008, 14.10.2008, 28.10.2008, 23.12.2008 23.01.2009 and 30.03.2009. The maximum gap between any two meetings was less than four months as stipulated under Clause 49(l) (c) of the Listing Agreement.

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

Sl No	Name	No. of Board Meetings attended	Attendance at Last AGM
1	Mr. M A M Arunachalam	4	Yes
2	Mr. K T Kumar	8	Yes
3	Mr. S S Rajsekar	9	Yes
4	Mr.J Srinivasan	6*	N.A.
5	Mr.V.Venkiteswaran	4*	N.A.

* Appointed w.e.f 31st July, 2008.

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. The terms of reference of the Audit Committee broadly are as under:

- 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.
- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- 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 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 at present comprises of three non executive directors, of which two 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.

The Committee met 5 times during the year ended 31st March 2009 and the time gap between the two meetings did not exceed four months.

Name of the Member	Chairman / Member	No. of Meetings Attended
Mr. K T Kumar	Chairman	5
Mr. S S Rajsekar	Member	5
Mr. M A M Arunachalam	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 out of the net profits of the Company

(computed in accordance with section 349 of the Companies Act, 1956). The distribution of commission amongst the NEDs are 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 actual commission paid to Directors is restricted to a fixed sum. This sum is reviewed periodically taking into consideration various factors such as performance of the Company, time spent by the Directors for attending to the affairs and business of the Company and extent of responsibilities cast on Directors under general law and other relevant factors.

Remuneration for the year

Non-executive directors are paid sitting fees of Rs.3,000/- for every meeting of the Board and other committee.

Name of the Non-Executive Directors	Sitting Fees paid for Board and committee meetings (Rs.)	Commission Payable (Rs.)
Mr. M A M Arunachalam	21000	100000#
Mr. K T Kumar	42000	100000#
Mr. S S Rajsekar	45000	100000#
Mr. J Srinivasan	18000*	66667*
Mr. V Venkiteswaran	12000*	66667*

* Appointed w.e.f 31.07.2008, accordingly Sitting Fees paid for meetings attended from thereon and Commission arrived on pro rata basis for the FY 2008-09.

Excludes a sum of Rs 100000 paid for the year FY 2007-08

5. Shareholders and Investors Grievance Committee

The Shareholders and Investors Grievances Committee, approves transfers/transmission/transposition etc and sub-division and consolidation. The Board has also delegated to certain Executives of the Company with the above powers. 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. There are no Pending Complaints as on 31.03.2009.

COROMANDEL ENGINEERING COMPANY LIMITED

Composition & Meetings

The Committee was constituted in the year 2008. The Committee consists of three directors and Chaired by Mr. M A M Arunachalam, a Non Executive Director. Mr. P R Sundar is the Compliance Officer of the Company.

During the year ended 31st March 2009, the committee met once to approve the share and to review the shareholders correspondence including the complaints received from the shareholders and their redressal.

The Company has received 7 complaints and redressed all the complaints during the financial year 2008-2009.

Details of the members of the committee and their attendance at the meeting are given below -

Name	Chairman / Member	No. of Meetings Attended
Mr. M A M Arunachalam	Chairman	1
Mr. K T Kumar	Member	1
Mr. S S Rajsekar	Member	1

6. General body Meetings

The location and time where the last three Annual General Meetings were held are given below:

For the year ended 31st March	Venue	Day and Time	Time
2008	Conference Room, 3rd Floor, Parry House, No.43, Moore Street, Chennai - 600 001.	Thursday, 31.07.2008	11.00 a.m.
2007	Same as above	Monday, 06.08.2007	3.00 p.m.
2006	Same as above	Saturday, 29.07.2006	11.00 a.m.

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

Date of AGM	Whether any Special Resolution was passed	Particulars
31.07.2008	Yes	Approval of Payment of Commission to Non Executive Directors
06.08.2007	No	Nil
29.07.2006	No	Nil

Postal Ballot

During the year, the consent of the Members was obtained under Section 81(1A) by Special Resolution passed through postal ballot:

Sl No	Subject Matter of the Resolution	Date of the notice	Date of Shareholder approval
1	Approval of Equity shares under Rights Issue to the Existing Shareholders of the Company.	26.02.2008	04.04.2008

Details of Voting Pattern

Particulars	No. of Ballots	No. of Shares	% on Total Shares Received
Postal Ballot Forms with Assent for the Resolution	85	11,43,327	99.99
Postal Ballot Forms with Dissent for the Resolution	1	50	0.01
Total	86	11,43,377	100.00

Mr. R. Sridharan of Messrs. R.Sridharan & Associates, Company Secretaries, Chennai conducted the postal ballot.

As of now there is no proposal for passing any special resolution through postal ballot.

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 will be 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. Disclosures

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 had 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 18 of Schedule 21 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.

The Company during the year has issued 16,47,390 equity shares of Rs.10/- each at a premium of Rs.10/- per share aggregating to Rs.329.48 lacs on rights basis to the existing equity shareholders of the Company in the ratio of one equity share for every one equity share held on the record date, viz. 20.08.2008. The Company has allotted the equity shares at the Board Meeting held on 14th October, 2008.

During the last three years, there were no strictures or penalties imposed on the Company either by Stock Exchange or by SEBI

or any statutory authority for non-compliance on any matter related to capital markets.

11. 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 the quarters ended 31st December 2008 and 31st March 2009. 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.

12. Means of Communication

The quarterly unaudited financial results, annual audited financial results and details of the book closure etc are normally published in daily newspapers viz., News Today (English) and Maalai Sudar (Tamil).

13. Management Discussion and Analysis Report

A management discussion and analysis report forms part of the Annual Report.

14. 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.,

On behalf of the Board

M.A.M. ARUNACHALAM
K.T. KUMAR
Directors

Place : Chennai
Date : 17th June 2009

COROMANDEL ENGINEERING COMPANY LIMITED

CERTIFICATE OF COMPLIANCE FROM PRACTISING COMPANY SECRETARY UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To

The Members

Coromandel Engineering Company Limited

We have examined all relevant records of M/s. Coromandel Engineering Company Limited, having its Registered Office at III Floor, Parry House, No. 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 Madras Stock Exchange Limited for the financial year ended March 31, 2009. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of certification.

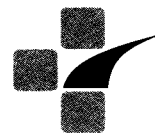
The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. This Certificate is neither an assurance 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

Date : 28th May, 2009
Place: Chennai

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 2009, as envisaged in Clause 49 of the Listing Agreement with the Stock Exchanges.

G.VISWANATH KUMAR
SENIOR VICE PRESIDENT

COROMANDEL ENGINEERING COMPANY LIMITED

SHAREHOLDERS' INFORMATION

Registered Office

"Parry House", 3rd Floor, 43, Moore Street, Chennai -600 001.

Annual General Meeting

Day : Friday
 Date : 31.07.2009
 Venue : Conference Room, 3rd Floor,
 "PARRY HOUSE",
 No. 43, Moore Street, Chennai 600 001
 Financial year : 1st April to 31st March

Date of Book Closure

Friday, the 17th day of July 2009 to Friday, the 31st day of July 2009 (Both days inclusive)

Dividend Payment Date: Within 30 days of AGM

Listing on Stock Exchanges

Madras Stock Exchange Limited,
 Exchange Building, Post Box - 183,
 11 Second Line Beach
 Chennai - 600 001.

Listing fees paid to the Madras Stock Exchange Limited for 2008-09

ISIN Numbers

Equity Shares at NSDL & CDSL - INE312J01012

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 transfers to the transfer agents mentioned below:

M/s.Karvy Computershare Private Limited,
 (Unit: Coromandel Engineering Company Limited),
 Plot No. 17- 24, Vittalrao Nagar
 Madhapur, Hyderabad 500 081
 Tel: 040-23420815-820,
 Fax:040-23420814
 Email: einward.ris@karvy.com

Share Transfer And Investors Service System

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

Executives of the Company have been delegated by the Board to approve transfers, transmission, sub- division, consolidation and issue of new shares consequent to dematerialization upto a maximum of 10,000 equity shares per transaction.

Shareholding pattern /Distribution of shareholding

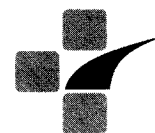
Shareholding pattern as on 31.03.2009

Category	No of shares	% of share-holding
Indian Promoters	2453920	74.48
Banks/ Financial Institutions/ Insurance Cos	2400	0.07
Private Bodies Corporate	23042	0.70
Indian Public/ Clearing Members	815418	24.75
TOTAL	3294780	100.00

Distribution of shareholding as on 31.03.2009

Category		No. of holders	% on total	No. of shares	% on total
1	5000	728	92.86	262173	7.96
5001	10000	11	1.40	82741	2.51
10001	20000	9	1.15	144728	4.39
20001	30000	6	0.77	156290	4.74
30001	40000	5	0.63	168870	5.13
40001	50000	9	1.15	405519	12.31
50001	100000	6	0.77	350674	10.64
100001 and Above		10	1.27	1723785	52.32
TOTAL		784	100.00	3294780	100.00

	No of Share holders	%	No of Shares	%
Shareholders in :				
Physical Mode	576	73.47	747767	22.70
Electronic Mode :	208	26.53	2547013	77.30
NSDL	176	22.45	2443807	74.17
CDSL	32	4.08	103206	3.13



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 31.03.2009:

SI No	Name of the Director	No of Shares Held
1	Mr. M A M Arunachalam	201610
2	Mr. S S Rajsekar	NIL
3	Mr. K T Kumar	NIL
4	Mr. J Srinivasan	NIL
5	Mr. V Venkiteswaran	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 Computershares 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. 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:

Coromandel Engineering Company Ltd.
Parry House, III Floor,
No.43, Moore Street,
Parrys, Chennai - 600 001.
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- 24, Vittalrao Nagar
Madhapur, Hyderabad 500 081
Tel: 040-23420815-820, Fax:040-23420814
Email: einward.ris@karvy.com

LIST OF PROMOTERS

List of promoters of the Company constituting 'Group' pursuant to Regulation 3(e)(i) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997

Sl. No	Names
1.	A M M Arunachalam & Sons Private Ltd
2.	A M M Vellayan Sons Private Limited
3.	A M Meyyammai
4.	Ambadi Enterprises Limited and Subsidiaries
5.	AMM Medical Foundation
6.	AMM Foundation
7.	AR Lakshmi Achi Trust
8.	Carborundum Universal Limited and Subsidiaries
9.	Chola Insurance Services Private Limited
10.	Cholamandalam DBS Finance Limited and Subsidiaries
11.	E.I.D.Parry (India) Ltd and Subsidiaries
12.	Kadamane Estates Company
13.	Kartik Investments Trust Limited
14.	Laserwords Private Ltd. & Subsidiaries
15.	M.M.Muthiah Research Foundation
16.	M.M.Muthiah Sons Private Ltd
17.	Murugappa & Sons
18.	Murugappa Educational And Medical Foundation
19.	Murugappa Management Services Limited
20.	New Ambadi Estates Private Limited and subsidiaries
21.	Parry Enterprises India Limited
22.	Presmet Private Ltd.
23.	Tube Investments Of India Ltd and Subsidiaries
24.	Yelnoorkhan Group Estates
25.	Meenakshi A R
26.	M V Murugappan & Family
27.	M V Subbiah & family
28.	M A Alagappan & family
29.	A.Vellayan & family
30.	A Venkatachalam & family
31.	M M Murugappan & family
32.	M M Venkatachalam & family
33.	M A M Arunachalam & family
34.	S Vellayan & family
35.	Arun Alagappan & family
36.	Any Company / entity promoted or controlled by any of the above.

Family for this purpose includes spouse, dependent children and parents.

COROMANDEL ENGINEERING COMPANY LIMITED

COMPLIANCE CERTIFICATE

NAME OF THE COMPANY : COROMANDEL ENGINEERING COMPANY LIMITED

Registration No. (CIN No.) : L74910TN1947PLC000343

Authorized Capital : Rs. 4,00,00,000/-

Paid-up Capital : Rs.3,29,47,800/-

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 on **31st March 2009**. 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.
4. The Board of Directors duly met **NINE (9)** times on 8th April 2008, 29th May 2008, 31st July 2008, 25th August 2008, 14th October 2008, 28th October 2008, 23rd December 2008, 23rd January 2009 and 30th March 2009 in respect of which meetings proper notices were given and proceedings were properly recorded and signed including the circular resolution passed on 11th August 2008, in the Minutes Book maintained for the purpose.
5. The Company closed its Register of Members from **17th July, 2008 to 31st July, 2008** (both days inclusive) and necessary compliance of Section 154 of the Act has been made.
6. The **Sixtieth Annual General Meeting** for the financial year ended **31st March 2008** was held on 31st July, 2008 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. During the year the approval of the shareholders was sought by passing resolution under Section 81(1A) for issue of further shares on rights basis through Postal Ballot after giving due notice to the members as per the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolutions through Postal Ballot) Rules, 2001 and the said result was announced at the deemed meeting held on **4th April 2008**.
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 contract falling within the purview of Section 297 of the Act.
10. During the financial year, the Company has not entered into any contracts falling within the purview of Sections 297 and 299 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of directors, members or Central Government.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company:
 - (i) has effected allotment of securities and delivered all the certificates on allotment and lodgment thereof for transfer / transmission in accordance with the provisions of the Act.
 - (ii) has deposited the amount of dividend declared at the Sixtieth Annual General Meeting held on 31st July 2008 in a separate bank account on 4th August 2008 which is within five days from the date of declaration of such dividend.
 - (iii) has posted cheques for dividends to all the members within a period of 30 (Thirty) days from the date of declaration.
 - (iv) has transferred unpaid dividend for the financial years ended 31st March 2006 and 31st March 2007 to Unpaid Dividend Account of the Company and seven years has not expired for transfer of the same to Investor Education and Protection Fund.
 - (v) has transferred the unpaid dividend pertaining to the year 2007-08 declared at the 60th Annual General Meeting held on 31.07.2008 to Unpaid Dividend



- Account of the Company maintained with Indian Bank on 30th August 2008 and seven years has not expired for transfer of the same to Investor Education and Protection Fund.
- (vi) has not issued any debentures and has not accepted any deposits and hence the question of transfer of 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.
- (vii) has complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. The appointment of Messrs. J Srinivasan and V Venkiteswaran as Additional Directors of the Company was duly made at the Board Meeting held on 31st July 2008. There was no appointment of directors or 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. (a) The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/ or such authorities prescribed under various provisions of the Act during the financial year.
- (b) The Company during the financial year has filed an application with the Madras Stock Exchange Limited for listing of 16,47,390 equity shares of Rs.10/- each and the listing approval for the same was received vide their letter dated 24.10.2008.
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 allotted 16,47,390 Equity shares of Rs.10/- each at a premium of Rs.10/- issued on rights basis at the Board Meeting held on 14th October 2008 during the financial year and complied with the provisions of the Act.
- (b) The Company has not issued any debentures or other securities 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. The Company has no preference share capital and has not issued debentures and hence the question of redemption of preference shares/ debentures during the financial year under review 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 through postal ballot on 3rd February 2006.
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 year.
29. The Company has not altered the provisions of the Memorandum of Association with respect to share capital of the Company during the year.
30. The Company has not altered its Articles of Association during the financial year.
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

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

Date : 22nd April, 2009
Place: Chennai

COROMANDEL ENGINEERING COMPANY LIMITED

'ANNEXURE A'

Name of the Company : COROMANDEL ENGINEERING COMPANY LIMITED
Registration No. (CIN No.) : L74910TN1947PLC000343
Authorized Capital : Rs. 4,00,00,000/-
Paid-up Capital : Rs. 3,29,47,800/-

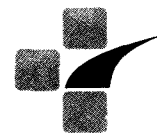
Registers as maintained by the Company

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 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.	Rule-7	Register for renewed and duplicate Share Certificates.
13.	-	Board Meeting Attendance Register
14.	-	Committee Meeting Attendance Register
15.	-	General Meeting Attendance Register

For R. Sridharan & Associates
Company Secretaries

Date : 22nd April, 2009
Place: Chennai

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



'ANNEXURE B'

Name of the Company : COROMANDEL ENGINEERING COMPANY LIMITED
Registration No. (CIN No.) : L74910TN1947PLC000343
Authorized Capital : Rs. 4,00,00,000/-
Paid-up Capital : Rs. 3,29,47,800/-

**Returns / Documents / Forms filed with the Registrar of Companies, Regional Director, Central Government
 or other authorities during the financial year ended 31st March, 2009.**

FOR THE FINANCIAL YEAR 2008-2009 (01.04.2008 TO 31.03.2009)
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 No./ Amount Paid)
1.	23	192	Special Resolution passed by the shareholders at the deemed meeting held on 04.04.2008 for issue of equity shares on rights basis.	10.04.2008	YES	NA	A35425644 Rs. 500/- (N)
2.	32	303	Appointment of Ms. R Vandana, as Company Secretary of the Company with effect from 8th April 2008.	18.04.2008	YES	NA	A35892272 Rs.500/- (N)
3.	32	303	Appointment of Mr. J Srinivasan and Mr. V Venkiteswaran, as additional directors of the company with effect from 31st July 2008.	06.08.2008	YES	NA	A42706978 Rs.500/- (N)
4.	23AC, 23ACA & Sch VI	220	Balance Sheet for the financial year ended 31st March, 2008.	08.08.2008	YES	NA	P20362828 Rs.500/- (N)
5.	66	383A	Compliance Certificate issued by Mr.R.Sridharan, M/s.R.Sridharan & Associates, Company Secretaries, Chennai for the financial year ended 31st March 2008.	08.08.2008	YES	NA	P20362992 Rs. 500/- (N)
6.	23	192	Special resolution passed by the shareholders at the 60th Annual General Meeting held on 31.07.2008 for commission payable to non-whole time directors of the company.	08.08.2008	YES	NA	A42865048 Rs. 500/- (N)
7.	20B & Sch V	159	Annual return made up to 31st July, 2008 (Date of 60th AGM).	11.09.2008	YES	NA	P21124938 Rs.500/- (N)

COROMANDEL ENGINEERING COMPANY LIMITED

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 No./ Amount Paid/ Mode of payment)
8.	8	135	Modification of charge created originally in favour of Indian Bank, Harbour Branch, Chennai modified on 26.08.2008 by enhancement of the existing limits to Rs.46.65/- crores.	30.09.2008	NO	YES	A45939519 Rs.500/- (N) Rs.500/- (A)
9.	2	75	Allotment of 16,47,390 Equity Shares of Rs.10/- each on rights basis at the Board Meeting held on 14th October 2008.	03.11.2008	YES	NA	A48989008 Rs. 500/- (N)
10.	32	303	Cessation of Ms. R Vandana as Company Secretary of the company with effect from 3rd December 2008.	20.12.2008	YES	NA	A52668258 Rs. 500/- (N)
11.	8	135	Modification of charge created originally in favour of Indian Bank, Harbour Branch, Chennai modified on 24.12.2008 by enhancement of the existing limits to Rs.60.07 crores.	17.01.2009	YES	NA	A54355904 Rs.500/- (N)
12.	1AA	5(g)	Withdrawal of consent by Mr. R Ramkumar consequent to his resignation.	12.02.2009	NO	YES	A56002629 Rs.500/- (N) Rs.4500/- (A)
13.	1AA	5(g)	Appointment of Mr. P R Sundar and Mr. G Viswanath Kumar as officers under Section 5(f) with effect from 23.01.2009 and withdrawal of consent by Mr. S Ramanan w.e.f 23.01.2009.	12.02.2009	YES	NA	A56066129 Rs.500/- (N)

REGIONAL DIRECTOR, CENTRAL GOVERNMENT

NIL

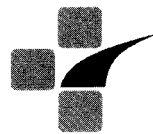
OTHER AUTHORITIES

- Application for listing of 16,47,390 equity shares of Rs.10/- each issued on rights basis to the existing equity shareholders was filed with the Madras Stock Exchange Limited and final listing approval for the aforesaid shares was received vide MSE's letter dated 24th October 2008.

For R. Sridharan & Associates
Company Secretaries

Date : 22nd April, 2009
Place: Chennai

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



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, 2009 and the Profit & Loss Account 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 Account 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 Account 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, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 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, 2009;
 - ii) In the case of the Profit & Loss Account, of the Profit 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

M. PADHMANABHAN
Partner
Membership No. F13291

Place : Chennai
Date : 17th June 2009

COROMANDEL ENGINEERING COMPANY LIMITED

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) No major part of fixed assets have been disposed off during the year.
- (ii) (a) The inventory have 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 not prescribed maintenance of cost records by the company under Section 209 (1) (d) of the companies Act 1956.
- (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, 2009 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 & Service Tax Appellate Tribunal	22.84
ANDHRA PRADESH VAT	The Appellate Deputy Commissioner (CT)	43.32

- (x) The company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year and in the immediately preceding financial year.
- (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. The details of Rights Issue of Equity Shares during the year and the utilization of the proceeds thereof are disclosed in the financial statements.
- (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

M. PADHMANABHAN
Partner
Membership No. F13291

Place : Chennai
Date : 17th June 2009

COROMANDEL ENGINEERING COMPANY LIMITED

BALANCE SHEET AS AT 31ST MARCH 2009

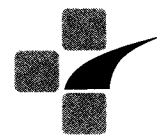
	SCH.	31st March, 2009		31 March, 2008	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
SHARE HOLDERS' FUNDS					
Share Capital	1	32,947,800		16,473,900	
Reserves & Surplus	2	125,075,002	158,022,802	<u>76,654,028</u>	93,127,928
LOAN FUNDS					
Secured Loan	3	360,587,077		229,770,801	
Unsecured Loan	4	40,000,000	400,587,077	<u>70,000,000</u>	299,770,801
DEFERRED TAX LIABILITY	7		4,727,665		1,256,299
Total			563,337,544		<u>394,155,028</u>
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	5	152,089,116		82,932,251	
Less: Depreciation		22,002,805		<u>13,555,290</u>	
Net Block		130,086,311		69,376,961	
Capital Work-in-progress		5,337,554		<u>1,971,976</u>	
			135,423,865		71,348,937
INVESTMENTS	6		125,472		120,152
CURRENT ASSETS, LOANS AND ADVANCES					
CURRENT ASSETS					
Interest accrued		672,180		535,028	
Inventories	8	171,465,031		68,073,300	
Debtors	9	305,369,964		247,607,275	
Cash and Bank Balances	10	16,455,275		13,693,730	
LOANS AND ADVANCES	11	217,535,606		<u>350,252,781</u>	
			711,498,056		<u>680,162,114</u>
Less: CURRENT LIABILITIES AND PROVISIONS					
Current Liabilities	12	234,642,204		332,401,370	
Provisions	13	49,067,645		<u>25,074,805</u>	
		283,709,849		<u>357,476,175</u>	
NET CURRENT ASSETS			427,788,207		322,685,939
Total			563,337,544		<u>394,155,028</u>
NOTES ON ACCOUNTS	21				
SIGNIFICANT ACCOUNTING POLICIES	22				

As per our report of even date
For SUNDARAM & SRINIVASAN
Chartered Accountants

On behalf of the Board

M. PADHMANABHAN
Partner
Chennai
17th June, 2009

M.A.M. ARUNACHALAM
K.T. KUMAR
Directors



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

	SCH.	2008-09		2007-08	
		Rs.	Rs.	Rs.	Rs.
INCOME					
Contract Revenue	14	1,000,536,191		665,494,700	
Merchant Sales		1,927,647		14,589,165	
Other Income	15	<u>3,785,227</u>	<u>1,006,249,065</u>	<u>2,286,917</u>	<u>682,370,782</u>
EXPENDITURE					
(Increase)/Decrease in work in progress	16	(59,857,573)		(15,357,928)	
Contract expenses	17	932,717,301		592,129,084	
Cost of merchant sales		1,868,094		14,267,146	
Salaries & other benefits	18	18,149,422		15,701,507	
Other expenses	19	22,662,742		12,585,055	
Interest on borrowings	20	10,753,626		6,009,175	
Depreciation		<u>8,533,196</u>		<u>4,287,269</u>	
			<u>934,826,808</u>		<u>629,621,308</u>
PROFIT BEFORE TAXATION			71,422,257		52,749,474
Provision for taxation					
Current tax		20,663,000		8,170,000	
Deferred tax		3,471,366		2,962,242	
Fringe benefit tax		<u>586,946</u>	<u>24,721,312</u>	<u>330,372</u>	<u>11,462,614</u>
PROFIT AFTER TAX			46,700,945		41,286,860
Less : Taxation relating to earlier years			303,710		-
Less : Transfer to general reserve			18,500,000		16,500,000
Proposed dividend			9,884,340		6,589,560
Tax on proposed dividend			1,679,844		1,117,260
Balance brought forward			<u>36,586,480</u>		<u>19,506,440</u>
BALANCE CARRIED TO BALANCE SHEET			52,919,531		36,586,480
EARNINGS PER SHARE					
Basic	Rs.		14.08		25.06
Diluted	Rs.		19.25		25.06
(Schedule 21, note 13)					
NOTES ON ACCOUNTS	21				
SIGNIFICANT ACCOUNTING POLICIES	22				

As per our report of even date
For SUNDARAM & SRINIVASAN
Chartered Accountants

On behalf of the Board

M. PADHMANABHAN
Partner
Chennai
17th June, 2009

M.A.M. ARUNACHALAM
K.T. KUMAR
Directors

COROMANDEL ENGINEERING COMPANY LIMITED

SCHEDULES TO ACCOUNTS

	31st March, 2009 Rs.	31st March, 2008 Rs.
SCHEDULE 1:		
SHARE CAPITAL:		
AUTHORISED		
4,000,000 Equity shares of Rs.10/- each	<u>40,000,000</u>	<u>40,000,000</u>
ISSUED AND SUBSCRIBED		
22,74,485 Equity shares of Rs.10/- each (Refer Note 14 of Schedule 21 Notes on Accounts)	<u>22,744,850</u>	<u>6,270,950</u>
1,44,000 Equity shares of Rs.10/- each issued as Bonus shares by capitalisation of General Reserve	<u>1,440,000</u>	<u>1,440,000</u>
8,76,295 Equity shares of Rs.10/- each issued in pursuance of Scheme of amalgamation of Pollutech Ltd. and Coromandel Prodorite P. Ltd. with Coromandel Engg. Co. Ltd.	<u>8,762,950</u>	<u>8,762,950</u>
	<u>32,947,800</u>	<u>16,473,900</u>
SCHEDULE 2 :		
RESERVES AND SURPLUS:		
CAPITAL RESERVE		
As per last Balance Sheet	724,230	724,230
INVESTMENT ALLOWANCE RESERVE		
As per last Balance Sheet	7,770,986	7,770,986
SECURITIES PREMIUM		
On Rights Issue of 16,47,390 shares @ Rs. 10/- per Share	16,473,900	
Less: Rights Issue Expenses	2,885,977	
	13,587,923	
GENERAL RESERVE		
Add: Transfer from Profit & loss account	31,572,332	18,313,000
Less: Transitional Adjustment on account of Employee Benefits as per AS - 15 (R) net of deferred tax	18,500,000	16,500,000
	-	3,240,668
	50,072,332	31,572,332
Surplus in Profit and loss account	52,919,531	36,586,480
	<u>125,075,002</u>	<u>76,654,028</u>
SCHEDULE 3 :		
SECURED LOANS:		
(i) Term Loan		
From HDFC Ltd *	37,500,000	47,500,000
From Indian Bank **	57,158,667	35,394,146
From Sundaram Finance Ltd #	1,270,492	3,185,061
From Cholamandalam DBS Finance Ltd. #	7,086,954	9,858,406
	<u>103,016,113</u>	<u>95,937,613</u>
* Secured by rights in the joint development property		
** Secured by Hypothecation of equipments purchased out of the loan, Stock, WIP, Receivables & other Fixed Assets		
# Secured by Hypothecation of specific machineries		
(ii) Over Draft from Bank	257,570,964	133,833,188
(Secured by Hypothecation of Stock, WIP, Receivables & Fixed Assets other than those specifically hypothecated for Term Loans)		
	<u>360,587,077</u>	<u>229,770,801</u>
SCHEDULE 4 :		
UNSECURED LOANS :		
Inter-corporate Deposit	40,000,000	70,000,000
	<u>40,000,000</u>	<u>70,000,000</u>

COROMANDEL ENGINEERING CO. LTD.

SCHEDULE 5 : FIXED ASSETS:

Sl. No.	Type of Asset	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01-04-08 Rs.	Additions Rs.	Deletions Rs.	As at 31.03.09 Rs.	As at 31.03.08 Rs.	Deletions Rs.	For the year Rs.	As at 31.03.09 Rs.	As at 31.03.09 Rs.	As at 31.03.08 Rs.
1	a) Machinery Plant and Equipments	73,490,056	62,464,351		135,954,407	8,951,438		6,000,217	14,951,655	121,002,752	64,538,618
	b) Vehicle - Others	3,139,847	3,300	600,000	2,543,147	389,161	82,766	353,793	660,188	1,882,959	2,750,686
2	Furniture & Fixture	1,293,648	289,281		1,582,929	1,276,900		275,477	1,552,377	30,552	16,748
3	Office Appliances	1,439,844	1,905,149	15,199	3,329,794	1,110,965	1,100	283,450	1,393,315	1,936,479	328,879
4	Computer	3,567,041	3,145,112		6,712,153	1,825,011		964,697	2,789,708	3,922,445	1,742,030
5	Library	1,815		1,815	-	1,815	1,815		-	-	-
6	Software and Licencing	-	1,966,686		1,966,686			655,562	655,562	1,311,124	-
	TOTAL	82,932,251	69,773,879	617,014	152,089,116	13,555,290	85,681	8,533,196	22,002,805	130,086,311	69,376,961
	Capital work in progress	1,971,976	5,337,554	1,971,976	5,337,554					5,337,554	1,971,976
										135,423,865	71,348,937
	Previous Year	34,355,895	49,650,398	1,074,042	82,932,251	9,454,009	185,988	4,287,269	13,555,290	69,376,961	24,901,885



COROMANDEL ENGINEERING COMPANY LIMITED

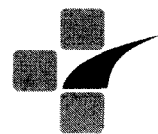
	Face Value Rs.	31st March, 2009		31st March, 2008		
		Nos.	Rs.	Nos.	Rs.	Rs.
SCHEDULE 6:						
INVESTMENT AT COST:						
LONG TERM INVESTMENTS						
SHARES IN COMPANIES - Non Trade						
a	QUOTED (Fully paid up)					
	S R F Ltd	10	440	22,950	440	22,950
	S R F Polymers Ltd	10	48	-	48	-
	Cholamandalam DBS Finance Ltd.	10	262	20,143	206	14,823
	Detachable Share warrants		-	-	56	-
	Consolidated Foundations India Ltd	10	120	4,082	120	4,082
	Hindustan Constn.Co.Ltd	1	2,000	1230	2,000	1,230
	Navabharat Ferro Alloys Ltd	10	1,000	18,600	1,000	18,600
	Rock Cabco Ltd	10	100	1,950	100	1,950
	Skanska Cementation India Ltd.	10	100	5,364	100	5,364
	V M Jog Constructions Ltd	10	400	5,256	400	5,256
	Vajra Granties Ltd	10	100	1,000	100	1,000
	Larsen & Toubro Ltd	2	1,740	37,619	870	37,619
	Ultra tech Cement Limited	10	348	-	348	-
b.	UNQUOTED					
	Charmvell Electronics Ltd-Rs.100/- per share		500	50,000	500	50,000
	Less: Provision for diminution in value of investments			50,000		50,000
				-		-
	DEBENTURE QUOTED					
	Hindustan Dorr Oliver Ltd	20	50	7,278	50	7278
	TOTAL			125,472		120,152
	Market Value - Quoted Investments			1,647,120		1,808,702
	Addition during the year Cholamandalam DBS Finance Ltd.- Share warrants subscribed and converted into shares		56	5,320	56	7,840



	31st March, 2009 Rs.	31st March, 2008 Rs.
SCHEDULE 7:		
DEFERRED TAX LIABILITY:		
Opening Deferred Tax (Asset)/Liability	1,256,299	(37,254)
Transitional Adjustment		
- Incentive	-	(1,177,146)
- Leave Encashment	-	(70,046)
- P.F. Trust Liability	-	(421,497)
		(1,705,943)
Timing difference reversal on account of :		
- Incentive	-	1,177,146
- P.F. Trust Liability	62,473	2,876
Timing Difference:		
- Depreciation	3,441,776	1,860,737
- Leave encashment	(32,883)	(78,517)
	<u>4,727,665</u>	<u>1,256,299</u>
SCHEDULE 8:		
INVENTORIES:		
(At lower of cost or net realisable value as certified by the Management)		
(i) Materials at Sites & Land	93,675,854	50,141,696
(ii) Work in Progress	77,789,177	17,931,604
	<u>171,465,031</u>	<u>68,073,300</u>
SCHEDULE 9:		
SUNDRY DEBTORS:		
UNSECURED CONSIDERED GOOD		
Outstanding For:		
Over Six Months	66,447,078	40,253,614
Others	238,922,886	207,353,661
	<u>305,369,964</u>	<u>247,607,275</u>
SCHEDULE 10:		
CASH AND BANK BALANCES:		
Cash on hand	138,495	336,978
With Scheduled Banks:		
1. In Current Accounts	3,393,303	2,326,953
2. In Guarantee Margin Deposit	12,923,477	11,029,799
	<u>16,455,275</u>	<u>13,693,730</u>

COROMANDEL ENGINEERING COMPANY LIMITED

	31st March, 2009 Rs.	31st March, 2008 Rs.
SCHEDULE 11:		
LOANS AND ADVANCES:		
Advances - (Unsecured - Considered good)		
Advances recoverable in cash or kind or for value to be received	139,239,992	143,046,426
Unbilled Contract in progress	26,886,081	177,308,469
Tender & Security deposits	1,969,706	2,811,315
Tax deducted at Source & Adv.Tax	49,439,827	27,086,571
	<u>217,535,606</u>	<u>350,252,781</u>
SCHEDULE 12:		
CURRENT LIABILITIES:		
Sundry Creditors	102,137,570	59,255,993
Adv. for Contracts/Jobs/Customers	98,893,675	214,148,862
Unclaimed Dividend *	194,943	91,469
Other Liabilities	33,416,016	58,905,046
	<u>234,642,204</u>	<u>332,401,370</u>
* To be transferred to Investor Education Protection fund - Nil		
SCHEDULE 13:		
PROVISIONS:		
Provision for Taxation	37,503,461	17,367,985
Proposed Dividend	9,884,340	6,589,560
Tax on Proposed Dividend	1,679,844	1,117,260
	<u>49,067,645</u>	<u>25,074,805</u>
	2008-2009 Rs.	2007-2008 Rs.
SCHEDULE 14:		
CONTRACT REVENUE :		
Proceeds on Contract	973,650,110	547,311,797
Unbilled contract revenue	26,886,081	118,182,903
	<u>1,000,536,191</u>	<u>665,494,700</u>
SCHEDULE 15:		
OTHER INCOME:		
I. Interest Receipts on:		
(a) On Loans to Staff	-	309
(b) On Deposits with Banks & Other Interest	2,185,152	980,204
ii. Dividends - Others	50,094	23,832
iii. Miscellaneous Receipts (includes Scrap sales Rs.1459945/- (PY Rs.1185369/-)	1,549,981	1,281,348
iv. Profit on sale of assets	-	1,224
	<u>3,785,227</u>	<u>2,286,917</u>



SCHEDULE 16:

(INCREASE) / DECREASE IN WORK IN PROGRESS

	2008-09 Rs.	2007-08 Rs.
Opening Work in Progress	17,931,604	2,573,676
Closing Work in Progress	<u>77,789,177</u>	<u>17,931,604</u>
	(59,857,573)	(15,357,928)

SCHEDULE 17:

CONTRACT EXPENSES:

Material and Stores Consumed	439,353,272	260,565,719
Power, Oil, Water & Electricity	6,091,966	5,636,072
Salaries, Wages & Allowances	57,709,634	33,471,973
Staff Welfare Expenses	4,247,644	1,361,093
Sub-Contracts Labour and Watch and Ward	316,999,018	228,018,673
Insurance (including workmen's Compensation)	4,795,010	3,029,676
Plant Hire & Testing Charges	21,177,333	12,806,081
Transport charges & Vehicle running expenses	12,532,207	7,454,375
Travelling and Conveyance	5,263,705	3,190,605
R&M Plant & Machinery	3,102,312	466,114
Rent, Rates & Taxes	10,089,894	4,301,336
Technical & Professional Charges	8,790,216	1,386,747
Postage, Telegram & Telephone	790,174	598,384
Printing & Stationary	459,774	306,781
Advertisement	1,160,706	1,383,773
Bank Charges & Guarantee Commission	2,135,805	1,250,712
Commitment Charges	551,500	804,821
Finance Charges for Contracts	37,133,761	25,785,508
Miscellaneous Expenses	333,370	310,641
	<u>932,717,301</u>	<u>592,129,084</u>

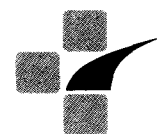
SCHEDULE 18:

SALARIES & OTHER BENEFITS

Staff salaries & Allowances	10,223,156	8,702,653
Contribution to Provident and other funds	5,079,358	4,323,492
Staff Welfare expenses	<u>2,846,908</u>	<u>2,675,362</u>
	18,149,422	15,701,507

COROMANDEL ENGINEERING COMPANY LIMITED

	2008-09 Rs.	2007-08 Rs.
SCHEDULE 19:		
OTHER EXPENSES		
Rent	4,981,304	2,086,918
Rates and Taxes	777,481	390,229
Printing and Stationery	875,946	660,012
Tender forms	64,310	173,742
Postage, Telegrams and Telephones	751,583	524,898
Electricity Charges	1,324,659	825,085
Directors' Sitting fees	138,000	48,000
Travelling and Conveyance	1,411,817	1,005,194
Directors' Commission	733,334	-
Advertisement Expenses	256,147	415,754
Bank Charges	113,650	377,521
Legal Expenses and Prof. Charges	4,596,236	1,724,558
Auditors Remuneration	282,090	280,901
Insurance	1,341,524	1,557,153
Donations/Contributions	403,800	101,000
Subscription and Periodicals	33,730	16,305
Staff Training Expenses	27,200	17,955
Bad Debts writtenoff	101,012	-
Repairs & Maintenance of Office Building	674,126	330,193
Repairs & Maintenance of Office Appliances / Others	1,161,859	616,531
Loss on sale of fixed assets	101,300	419,463
Commitment and processing fees	2,511,634	1,013,643
	22,662,742	12,585,055
SCHEDULE 20:		
INTEREST ON BORROWINGS & FINANCE COSTS		
(a) Interest on:		
Over Draft from Bank	2,992,018	2,400,623
Term Loan :		
From Banks	6,071,155	2,254,096
From others	1,690,453	1,301,089
(b) Hire Purchase Finance Charges	-	53,367
	10,753,626	6,009,175



SCHEDULE 21:

NOTES ON ACCOUNTS:

1. Previous year's figures have been regrouped/reclassified to conform to the current year

2.1 Estimated amount of Contracts remaining to be executed on Capital Account not provided for

2.2 Other monies for which the company is contingently liable:

(i) Guarantees issued by Company's Bankers for which the Company has given counter guarantees.
(Net of guarantees for Rs.40,319,002/- (PY-Rs.4,159,209/-) for which liabilities existing in the books of accounts.)

(ii) Estimated liability on account of certain taxes and duties not provided

A) Sales Tax

(i) Sales Tax: Karnataka Sales Tax Asst. Year 1990-91 after adjusting deposit of Rs.112,000/-

(ii) Andhra Pradesh VAT Tax for the years 2006-07 & 2007-08

B) Employees State Insurance

Demand disputed (Net of Rs.120,170/- deposited included in Advances recoverable under Loans and Advances)

C) Income Tax

For Assessment year 2005-06 appeal is pending on various matters before CIT (Appeals)

D) Excise Duty

Demand under dispute decided in favour of the Company pending before CESTAT based on Department appeal (against which Rs.9,53,856/- deposited with Central Excise Authority included under Loans & Advances)

3. Tender & Security Deposit in Schedule 11 include: (*)

(i) Fixed Deposit with a scheduled Bank

(ii) Kissan Vikas Patra

(iii) 6 Year N S C VIII issue

(*) Held by Commercial Tax & Other Authorities as Security Deposit

4. (a) Salary and allowances include:

Retirement benefits paid on account of Leave encashment

(b) Sundry Creditors include:

Dues to Micro Small and Medium Enterprises in respect of suppliers from whom intimation was received regarding their status under the Micro Small and Medium Enterprises Development Act, 2006. No interest was paid or payable to them

The names of enterprises are given below:

- | | |
|-----------------------|--------------------------|
| 1. Chitra Enterprises | 2. R.N.S. Enterprises |
| 3. MSS Engineering | 4. Vasu Engg. Works |
| 5. Sakthi Industries | 6. Sri Balaji Industries |

31st March, 2009 Rs.	31st March, 2008 Rs.
529,503	2,257,281
38,452,131	28,999,541
-	548,284
4,332,494	-
-	118,600
189,549	189,549
3,237,841	3,237,841
1,000	1,000
19,000	19,000
117,700	108,200
491,671	28,202
213,348	-

COROMANDEL ENGINEERING COMPANY LIMITED

SCHEDULE 21:

NOTES ON ACCOUNTS (Contd.):

5. Disclosures, as required under AS-15(Revised)
on Employee Benefits:

	31.03.2009			31.03.2008		
	Provident Fund Rs.	Leave Encashment Rs.	Gratuity Rs.	Provident Fund Rs.	Leave Encashment Rs.	Gratuity Rs.
i) Present value of projected benefit obligations as at 1.4.2008	26,002,275	1,462,000	2,677,184	20,945,841	1,231,000	2,122,053
ii) Service Cost	8,233,481	191,614	486,092	4,469,165	255,202	246,424
iii) Interest Cost	1,914,503	97,293	185,241	1,656,981	97,000	151,372
iv) Actuarial Gains/(Losses)	178,818	299,509	(25,138)	(91,129)	(93,000)	364,854
v) Past Service Cost			—			—
vi) Benefits paid	(2,598,032)	(491,671)	(723,354)	(978,583)	(28,202)	(207,519)
vii) Present value of projected benefit obligations as at 31.3.2009	33,731,045	1,558,745	2,600,025	26,002,275	1,462,000	2,677,184
viii) Fair value of Plan assets as at 31.3.2009	32,683,239	—	2,186,858	24,770,672	—	2,278,984
ix) Liability recognised in the Balance Sheet	1,047,806	1,558,745	413,167	1,231,603	1,462,000	398,200
x) Amount charged to Profit & Loss Account	8,049,684	588,416	413,167	4,349,205	259,202	398,200
xi) Actuarial assumptions:						
a) Discount rate	7.30%	8.00%	8.00%	7.75%	8.00%	8.00%
b) Expected rate of salary increase	—	6.00%	6.00%	—	6.00%	6.00%
c) Expected rate of return on Plan Assets	8.60%	0.00%	8.00%	8.20%	0.00%	8.00%
xii) Percentage of each category of Plan Assets to Total Fair value of Plan Assets as at 31.3.2009:						
a) Govt. of India Securities	21.30%	—	—	21.11%	—	—
b) State Govt. Securities	18.30%	—	—	19.83%	—	—
c) Special Deposit Scheme, 1975	19.00%	—	—	19.28%	—	—
d) Others	41.40%	—	—	39.78%	—	—
e) Administered by LIC	—	—	100.00%	—	—	100.00%



SCHEDULE 21:

NOTES ON ACCOUNTS (Contd.):

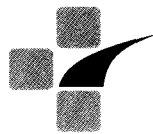
	31st March, 2009	31st March, 2008
	Rs.	Rs.
6. Income tax deducted at source on: Interest receipts	229,016	199,753
7. Auditor's Remuneration (included in Schedule No.19)		
(a) Statutory Audit Fees	150,000	110,000
(b) Tax Audit Fees	40,000	40,000
(c) Out of Pocket expenses	25,000	40,000
(d) Other Services	40,000	60,000
(e) Service tax	27,090	30,901
8. Turnover:		
a. Contract Revenue (Includes retention)	1,000,536,191 60,391,965	665,494,700 36,578,746
b. Scrap & Sundry Sales	1,459,945	1,185,369
c. Merchant Sales	1,927,647	14,589,165
9. Construction activity is covered under para 3 ii (C) of part II of Schedule VI of Companies Act Gross income of construction activities (Contract Revenue as per Schedule No. 14)		
10. A) AS-7 disclosure for Contracts in Progress:		
a) Contract revenue recognised	885,234,127	649,803,696
b) Contract costs incurred and recognised profits	857,460,668	612,359,657
c) Advances received	92,394,950	214,148,861
d) Retention	54,187,673	31,994,437
e) Due from customers	26,886,081	177,308,469
11. Directors' Remuneration:-		
Directors Sitting Fees	138,000	48,000
Commission - 2007-08	300,000	-
Commission - 2008-09	433,334	-
	871,334	48,000
Computation of Directors' Commission		
Profit as per Profit & Loss Account	71,422,257	52,749,474
Add: Directors' Sitting Fees & Commission	871,334	48,000
Profit as per Section 349	72,293,591	52,797,474
Maximum Commission at 1% on the profit as per Section 349	722,936	527,975
12. Quantitative details		
Trading Items	Qty	Qty
Cement	410	3376
- Purchase (MT)	1,868,094	14,109,990
- Turnover (MT)	410	14,389,165
Concreter Mixture Machine	-	2
- Purchase (Nos)	-	157,156
- Turnover (Nos)	-	200,000

COROMANDEL ENGINEERING COMPANY LIMITED

SCHEDULE 21:

NOTES ON ACCOUNTS (Contd.):

	31st March, 2009	31st March, 2008
	Rs.	Rs.
13. Basic /Diluted earnings per share:		
- Profit attributable to the Equity shareholders (Rs.)	46,397,235	41,286,860
- No. of Equity shares outstanding during the year	3,294,780	1,647,390
- Weighted Average Equity shares during the year	2,410,154	1,647,390
- Nominal value of equity shares (Rs.)	10	10
- Basic Earnings per share (Rs.)	14.08	25.06
- Diluted Earnings per share (Rs.)	19.25	25.06
14. Right Issue: During the year the Company issued further equity shares of 1,647,390 with a face value of Rs. 10/- each at a premium of Rs. 10/- on Rights Basis in the ratio of one Equity Share for every Equity Share held. The proceeds net of issue expenses were used for working capital requirements		
15. 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	1,799,274	1,799,274
16. 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		
17. Expenditure in Foreign Currency : Travelling Expenses in Rupees	157,298	-
18. Related Party Transactions : Mr. G. Viswanath Kumar Sr. Vice President – Key Management Personnal Remuneration to Key Management Personnel	3,549,875	2,765,209



SCHEDULE 22:

SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of Accounting

The Income and Expenditure are accounted on accrual basis. All Assets and Liabilities of the Company are recorded at historical cost. These costs are not adjusted to reflect the changing value in the purchasing power of the money.

2. Revenue Recognition

i) Revenue in respect of construction contracts 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.

3. 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 recognized 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 recognised when the goods are delivered or services rendered.

v) Sales are recorded net of trade discounts/rebates exclusive of sales tax.

4. Fixed Assets

i) Fixed Assets are carried at cost less accumulated depreciation.

ii) Depreciation on Fixed Assets is provided on Straight Line Method as per Schedule XIV of the Companies Act, 1956.

iii) 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.

iv) Intangible Assets are amortised over a period three years.

5. Investments

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

6. Inventories

i) Materials at site are valued at cost on FIFO method.

ii) 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.

Signature to Schedule 1 to 22

As per our report of even date
For SUNDARAM & SRINIVASAN
Chartered Accountants

M. PADHMANABHAN
Partner
Chennai
17th June, 2009

7. 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.

8. Employee Benefits

a. 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 and also any deficiency in the fair value of plan assets and fund accumulations. Liabilities on these is accounted based on actuarial valuation as at the Balance Sheet date.

The Company also contributes to a government administered pension fund on behalf of its employees.

b. Leave Encashment

Liability due to leave encashment benefit is accounted based on actuarial valuation.

c. Gratuity

The Company makes annual contribution to a Gratuity Fund administered by trustees and managed by LIC. Liability for future gratuity benefits is accounted based on actuarial valuation, as at the Balance Sheet date, determined every year by LIC using the Projected Unit Credit method.

d. Superannuation

Fixed contributions to the Superannuation Fund administered by trustees and managed by LIC, are charged to the Profit and Loss Account. The Company has no liability for future Superannuation Fund benefits other than its annual contribution and recognizes such contributions as an expense in the year incurred.

e. Short term employee benefit

Short term employee benefits are recognized as an expense as per the Company's scheme based on expected obligation on undiscounted basis.

9. Taxation

Provision is made for income tax based on liability estimated to arise, in accordance with the Income Tax Act, 1961. Deferred tax resulting from timing difference between book and tax profits are accounted for at the current rate of tax.

10. 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.

On behalf of the Board

M.A.M. ARUNACHALAM
K.T. KUMAR
Directors

COROMANDEL ENGINEERING COMPANY LIMITED

PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. Registration Details:

Registration Number

1	8	-	0	0	0	3	4	3
---	---	---	---	---	---	---	---	---

 Balance Sheet Date

3	1
---	---

 /

0	3
---	---

 /

0	9
---	---

 State Code

1	8
---	---

Date Month Year

2. Capital raised during the year (Amount in Rs.)

Public Issue

				N	I	L
--	--	--	--	---	---	---

 Rights Issue

	1	6	4	7	3	9	0	0
--	---	---	---	---	---	---	---	---

 Bonus Issue

				N	I	L
--	--	--	--	---	---	---

 Private Placement

							N	I	L
--	--	--	--	--	--	--	---	---	---

3. Position of Mobilisation and Deployment of Funds (Amount in Rs.)

Total Liabilities

8	4	7	0	4	7	3	9	3
---	---	---	---	---	---	---	---	---

 Total Assets

8	4	7	0	4	7	3	9	3
---	---	---	---	---	---	---	---	---

SOURCES OF FUNDS

Paid-up Capital

3	2	9	4	7	8	0	0
---	---	---	---	---	---	---	---

 Reserves & Surplus

1	2	5	0	7	5	0	0	2
---	---	---	---	---	---	---	---	---

 Secured Loans

3	6	0	5	8	7	0	7	7
---	---	---	---	---	---	---	---	---

 Unsecured Loans

	4	0	0	0	0	0	0	0
--	---	---	---	---	---	---	---	---

 Deferred Tax Liability

	4	7	2	7	6	6	5
--	---	---	---	---	---	---	---

APPLICATION OF FUNDS

Net Fixed Assets

1	3	5	4	2	3	8	6	5
---	---	---	---	---	---	---	---	---

 Investments

		1	2	5	4	7	2
--	--	---	---	---	---	---	---

 Net Current Assets

4	2	7	7	8	8	2	0	7
---	---	---	---	---	---	---	---	---

4. Performance of Company (Amount in Rs.)

Turnover

1	0	0	2	4	6	3	8	3	8
---	---	---	---	---	---	---	---	---	---

 Total Expenditure

9	9	4	6	8	4	3	8	1
---	---	---	---	---	---	---	---	---

 Other Income

3	7	8	5	2	2	7
---	---	---	---	---	---	---

 Increase in work in progress

(5	9	8	5	7	5	7	3)
----	---	---	---	---	---	---	----

 Profit/(Loss) before tax

7	1	4	2	2	2	5	7
---	---	---	---	---	---	---	---

 Profit/(Loss) after tax

4	6	7	0	0	9	4	5
---	---	---	---	---	---	---	---

 Current Tax

2	0	6	6	3	0	0	0
---	---	---	---	---	---	---	---

 Dividend Rate %

						3	0
--	--	--	--	--	--	---	---

 Deferred Tax

3	4	7	1	3	6	6
---	---	---	---	---	---	---

 Fringe Benefit Tax

	5	8	6	9	4	6
--	---	---	---	---	---	---

 Earnings per Share (Basic)

		1	4	.	0	8
--	--	---	---	---	---	---

 Earnings per Share (Diluted)

		1	9	.	2	5
--	--	---	---	---	---	---

5. Generic Names of Three Principal Products/Services of Company

Item Code No.

				N	I	L
--	--	--	--	---	---	---

 Product Description

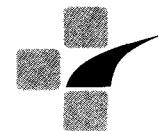
				N	I	L
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As per our report of even date
 For SUNDARAM & SRINIVASAN
 Chartered Accountants

On behalf of the Board

M. PADHMANABHAN
 Partner
 Chennai
 17th June, 2009

M.A.M. ARUNACHALAM
 K.T. KUMAR
 Directors



CASH FLOW STATEMENT
PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT(S) (as amended)

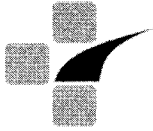
	31st March, 2009		31st March, 2008	
	Rs.	Rs.	Rs.	Rs.
CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax as per P&L a/c		71,422,257		52,749,474
Adjustment for :				
Depreciation	8,533,196		4,287,269	
Interest Charges	47,887,387		31,794,683	
Interest Income	(2,185,152)		(980,513)	
Dividend Income	(50,094)		(23,832)	
(Profit) / Loss on sale of Assets (Net)	101,300	<u>54,286,637</u>	418,239	<u>35,495,846</u>
Operating Profit before working capital changes		125,708,894		88,245,320
Adjustments for :				
Trade and Other Receivables	97,170,590		(264,106,818)	
Inventories	(103,391,731)		(12,969,467)	
Trade Payables	(99,177,346)	<u>(105,398,487)</u>	180,417,897	<u>(96,658,388)</u>
Cash Generated from Operations		20,310,407		(8,413,068)
Direct Taxes Paid		(22,353,256)		(10,169,407)
Dividend Paid		(7,706,820)		(4,818,410)
Net Cash from Operating Activities		(9,749,669)		(23,400,885)
Cash Flow from Investing Activities				
Purchase of Fixed Assets	(73,139,457)		(51,622,375)	
Sale of Fixed Assets	430,033		469,815	
Purchase of investments	(5,320)		(7,840)	
Dividend Received	50,094		23,832	
Net Cash used in Investing Activities		(72,664,650)		(51,136,568)
Cash flow from Financing Activities				
Right issue proceeds (Net)	30,061,823		-	
Loans Net of Repayment	100,816,276		105,226,044	
Interest and finance charges	(47,887,387)		(31,794,683)	
Interest income	2,185,152		980,513	
Net Cash used in Financing Activities		85,175,864		74,411,874
Net increase/(Decrease) in Cash and Cash Equivalents		2,761,545		(125,579)
Cash and Cash Equivalents				
(Opening Balance) as at 01.04.2008		13,693,730		13,819,309
Cash and Cash Equivalents as on 31.03.2009		16,455,275		13,693,730

As per our report of even date
For SUNDARAM & SRINIVASAN
Chartered Accountants

On behalf of the Board

M. PADHMANABHAN
Partner
Chennai
17th June, 2009

M.A.M. ARUNACHALAM
K.T. KUMAR
Directors



Coromandel Engineering Company Limited

Registered Office : Parry House, III Floor, 43, Moore Street, Chennai -600 001

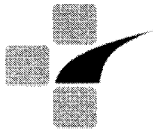
ATTENDANCE SLIP

To be handed over at the entrance of the 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 Limited

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PROXY FORM

Reg. Folio No. No. of Shares Held

I/We _____ residing at _____
_____ being a member / members of

Coromandel Engineering Company Limited do hereby appoint

_____ residing at _____

failing him _____ Son of _____
residing at _____

as my/our proxy and to vote for me/us, on my/our behalf at the 61st Annual General Meeting of the Company to be held at "Parry House" III Floor, No.43, Moore Street, Chennai - 600 001 on Friday the 31st July, 2009 at 10.15 a.m. and at any adjournment thereof.

Affix 1 Rupee Revenue Stamp

Signed this _____ day of _____ 2009

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.

Back cover photograph:

Commercial Complex
Anna Salai
Chennai

DBS



MURLIBAPPA
GROUP



COROMANDEL ENGINEERING COMPANY LIMITED

Registered office: Parry House, III Floor,
43, Moore Street, Chennai - 600 001.

Ph: +91-44-25301700

www.coromandelengg.com