



COROMANDEL ENGINEERING COMPANY LTD.

ANNUAL REPORT 2015-16



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CAUTIONARY STATEMENT

This communication contains statements relating to future business developments and economic performance that could constitute 'forward looking statements'. While these forward looking statements represent the company's judgements and future expectations, a number of factors could cause actual developments and results to differ materially from expectations. The Company undertakes no obligation to publicly revise any forward looking statements to reflect future events or circumstances. Further, investors are requested to exercise their own judgement in assessing various risks associated with the Company and also the effectiveness of the measures being taken by the Company in tackling them, as those enumerated in this report are only as perceived by the management.

CORPORATE INFORMATION

Board of Directors	
Mr. M.M. Venkatachalam - Chairman (DIN: 00152619)	
Mr. M.A.M. Arunachalam (DIN: 00202958)	
Mr. N.V. Ravi (DIN: 00277255)	
Mr. P. Nagarajan (DIN: 00110344)	
Ms. G. Jalaja (DIN: 00149278)	
Mr. R. Surendran (DIN: 00010017)	
Bankers	Company Secretary & Compliance Officer
City Union Bank Ltd. DCB Bank Ltd. HDFC Bank Ltd. IDBI Bank Ltd. Indian Bank IndusInd Bank Ltd.	Mr. R. Narayanan
	Auditors
	M/s. Sundaram & Srinivasan Chartered Accountants New No. 4, Old No. 23, C.P.Ramaswamy Road, Alwarpet Chennai 600018
Registered Office	Registrars and Share Transfer Agents
"Parry House", 3rd Floor No. 43, Moore Street Chennai – 600 001 Tel : 25301700 Email: investorservices@cec.murugappa.com Website : www.coromandelengg.com CIN:L74910TN1947PLC000343	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District Nanakramguda , Hyderabad – 500 032 Tel : 91-40-23420815 to 23420824 Toll Free No.1-800-3454001 Fax : +91-40 23420814 Email : einward.ris@karvy.com Website: www.karvy.com
68th Annual General Meeting	Date: : 22nd day of July, 2016
	Day : Friday Time : 10.00 a m Venue : Narada Gana Sabha Trust Mini Hall, No. 314, TTK Road Chennai - 600 018

TEN YEARS FINANCIAL TRACK RECORD

(₹ in lakhs)

YEAR ENDED 31 ST MARCH										
OPERATING RESULTS	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Sales	4,502.40	6,800.84	10,024.63	8,920.85	11,275.24	17,046.09	21,639.22	19,924.92	23,039.38	12,220.71
Other Income	19.02	22.87	37.85	40.00	185.34	78.79	90.30	109.01	89.70	178.55
Profit/(Loss) before depreciation	276.97	570.37	799.55	434.49	523.16	(3,088.12)	(453.31)	(1,020.17)	542.85	504.79
Profit/(Loss) before Tax	251.82	527.49	714.22	330.27	405.12	(3,249.32)	(668.37)	(1,243.48)	53.95	68.94
Profit/(Loss) after Tax	202.96	412.87	467.01	218.94	288.54	(2,145.22)	(544.05)	(888.17)	112.41	40.37
Dividend – Equity	48.18	77.07	115.64	76.84	95.73	-	-	-	-	-
SOURCES OF FUNDS										
Paid up share capital	164.74	164.74	329.48	329.48	329.48	2,829.48	2,829.48	4,023.36	4,023.36	4,023.36
Reserves	463.15	766.54	1,250.75	1,392.85	1,585.66	(559.56)	(1,103.61)	313.14	383.88	424.25
Loan Funds	1,945.45	2,997.71	4,005.87	5,533.07	7,264.90	6,770.40	8,505.80	10,028.82	7,074.47	2,502.72
Deferred Tax Liability/ (Asset) Net	(0.37)	12.56	47.28	78.80	114.61	(989.49)	(1,113.81)	(1,469.12)	(1,546.42)	(1,517.85)
Total	2,572.97	3,941.55	5,633.38	7,334.20	9,294.65	8,050.83	9,117.86	12,896.20	9,935.29	5,432.48
APPLICATION OF FUNDS										
Fixed Assets	249.02	713.49	1,354.24	1,383.68	1,822.54	2,423.15	3,037.54	3,539.01	2,931.43	2,455.65
Investments	1.13	1.20	1.25	6.25	5.20	5.20	5.44	5.44	5.20	5.20
Net Current Assets	2,322.82	3,226.86	4,277.89	5,944.27	7,466.91	5,622.48	6,074.88	9,351.75	6,998.66	2,971.63
Total	2,572.97	3,941.55	5,633.38	7,334.20	9,294.65	8,050.83	9,117.86	12,896.20	9,935.29	5,432.48

DIRECTORS – A BRIEF PROFILE

Mr. M.M. Venkatachalam (DIN:00152619)
Chairman

Mr. M.M. Venkatachalam is a graduate in Agriculture and has done his Masters in Business Administration from George Washington University, USA. He was appointed as a Director in July 2009 and is presently the Chairman of the Company. He is also on the Board of various Companies including Coromandel International Ltd., Ramco Systems Ltd., Parry Agro Industries Ltd., Ambadi Enterprises Ltd., Murugappa Organo Water Solutions Pvt Ltd., Parry Murray & Co. Ltd., U.K. etc.

Mr. M.A.M. Arunachalam (DIN: 00202958)
Non-Executive Director

Mr. M.A.M. Arunachalam has done his Bachelors in Commerce and Masters in Business Administration from University of Chicago. He is an Industrialist and has an experience of 28 years in the field of varied industrial activities. He has been on the Board of CECL, since September 1995.

Mr. N.V. Ravi (DIN: 00277255)
Non-Executive Independent Director

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

Mr. P. Nagarajan (DIN: 00110344)
Non-Executive Independent Director

Mr. P. Nagarajan is a Chartered Accountant with a Bachelors degree in Commerce from Loyola College, Chennai. He also has degree in Law (BGL) from the Bangalore University.

He has nearly four decades of post qualification work experience in the field of Finance & Accounts having specialized in areas like Treasury, Working Capital Management, Corporate Taxation, Corporate Restructuring, Project Evaluation etc., He worked in organizations such as Fraser & Ross, Chartered Accountants, HMT Ltd. and Coromandel International Ltd. He retired from Coromandel International Ltd. in 2011, having served the Company as the Head of Finance for 14 years. He has also served as member of few committees of Fertiliser Association of India.

Currently, he is a member of FICCI's Banking & Financial Institutions (F&I) Committee. He has been on the Board of CECL, since July 2014.

Ms. G. Jalaja (DIN: 00149278)
Non-Executive Director

Ms. G. Jalaja, a Chartered Accountant with FCS has been associated with Murugappa Group since 1983. She has over 31 years of rich experience in areas of Secretarial, Corporate Finance, Legal and Treasury.

Ms. G. Jalaja joined Murugappa Group in the year 1983 and was the Company Secretary of E.I.D. Parry (India) Ltd. between 1992 to 2010. She re-joined as Company Secretary of the said Company in the year 2013. In the intervening period, she was CFO of Parrys Sugar Industries Ltd. She has been on the Board of CECL, since March, 2015.

Mr. R. Surendran (DIN: 00010017)
Non-Executive Independent Director

Mr. R. Surendran is a Fellow member of the Institute of Chartered Accountants of India, with more than 30 years of experience in Industry and Practice. He also holds Bachelors degree in Science along with Post Graduate Diploma in Financial Management. He has rich industrial experience, having worked with Murugappa Group for nearly 25 years until 2006. His area of strength includes taxation & secretarial matters. He has been on the Board of CECL, since January, 2016.

BOARD'S REPORT

Your Directors present herewith the 68th Annual Report of the Company together with the Audited Financial Statements for the year ended 31st March, 2016.

The performance of the Company for the year is summarized below:

FINANCIAL RESULTS:

Particulars	(₹ in Lakhs)	
	2015-2016	2014-2015
Gross Income	12399.26	23129.08
Profit before Interest and Depreciation	1224.75	2212.22
Finance charges	719.96	1669.37
Gross Profit	504.79	542.85
Depreciation and Amortisation expenses	435.85	488.90
Net Profit before tax	68.94	53.95
Provision for tax	28.57	(58.46)
Net Profit after tax	40.37	112.41
Balance of Profit brought forward	(2693.59)	(2764.33)
Surplus carried to Balance Sheet	(2653.22)	(2693.59)*

* - after adjustment of ₹ 41.67 Lakhs due to change in revised useful life of fixed assets.

OPERATIONS AND PERFORMANCE

For the year under review, Your Company achieved a gross income of ₹ 12399.26 lakhs and profit before tax of ₹ 68.94 lakhs, as against the gross income of ₹ 23129.08 lakhs and profit before tax of ₹ 53.95 lakhs, for the previous year.

Your Company's operations during the year were impacted by reduced in flow of fresh orders due to the continued slowdown in Greenfield/Brownfield investment in customer segments where the Company is present. There was stiff competition in market place for the limited orders available and due to very low prices offered by competitors, Your Company was not able to secure any major order during the year.

In addition, there was pressure on liquidity front resulting from delayed payments by customers, which in turn affected the pace of execution of the ongoing projects. In few of the projects where work has been completed, the customers delayed the payment due to their funds position and this in turn had affected the cash flows of the Company.

The company will however continue its efforts for securing fresh orders and also improve the collections from the market.

On the Property Development business, Your Company had completed the handing over of all the projects during the year. The turnover from property development business was at ₹ 6944 lakhs for the year as against ₹ 11448 lakhs in the previous year.

The depreciation for the year was at ₹ 435.85 lakhs as compared to ₹ 488.90 lakhs for the previous year. Due to lower volumes, the PBIT for the year was at ₹ 788.9 lakhs as compared to ₹ 1723.32 lakhs during the previous year. However consequent to reduced borrowings, the Company could bring down the finance cost from ₹ 1669.37 Lakhs in the previous year to ₹ 719.96 lakhs in the current year.

During the year, Your Company restricted the capital expenditure by utilizing the existing Plant and Machinery. The Company reviewed the requirement of the available plant and machinery based on the completion of certain projects and took efforts to dispose off specific surplus and used assets.

DIVIDEND

Taking into account overall financial performance of the Company and the accumulated losses, no dividend is considered for the financial year 2015-16.

The Company has not transferred any amount to general reserve.

During the year, the unclaimed dividend amounting to ₹ 1,51,998/- pertaining to dividend for the year ended 31st March, 2008 was transferred to the Investor Education & Protection Fund. The company has uploaded the details relating to unclaimed dividend on its website for the benefit of its shareholders.

SHARE CAPITAL

The paid up Equity share capital of the Company as on 31.03.2016 was ₹ 3323.36 Lakhs. During the year under review, the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity shares. As on 31st March, 2016, Mr. M.M. Venkatachalam, Chairman, was holding 4,51,610 equity shares of ₹ 10/- each and Mr. M.A.M Arunachalam, Director, was holding 3,61,610 equity shares of ₹ 10/- each of the Company. The other Directors of the Company do not hold any shares in the Company.

The paid up Preference Share capital of the Company as on 31.03.2016 was ₹ 7,00,00,000/-.

DETAILS OF DEPOSITS

The Company has not accepted any Deposits covered under Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

PARTICULARS OF LOANS / GUARANTEES GIVEN / INVESTMENTS MADE

The Company has not extended any loans, guarantees nor made any investments covered under the provisions of Section 186 of the Companies Act, 2013.

RISK MANAGEMENT

The Board of Directors have established a review and monitoring process with the management to ensure that the risks pertaining to the business are identified, steps are taken to manage and mitigate the same and periodical updates are discussed. The Board had constituted a Risk Management Committee, details of the same and its terms of reference are set out in the Corporate Governance Report forming part of the Board's Report.

DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS

In addition to the Internal Controls on Operations, the Board has laid emphasis on adequate internal

financial controls to ensure that the financial affairs of the Company are carried out with due diligence. Apart from Internal Audit function which scrutinizes all the financial transactions, the Company has also in place adequate Internal Financial Controls with reference to Financial Statements . During the year , such controls were tested and no reportable material weaknesses in the design or operation were observed.

DIRECTORS

At the 67th Annual General Meeting held on 24th July, 2015, Mr. P. Nagarajan (DIN: 00110344) was appointed as an Independent Director for a period of 5 years with effect from 24th July, 2015 for a term upto the conclusion of the 72nd Annual General Meeting to be held in the calendar year 2020 and not liable to retire by rotation. Mr. M.M. Venkatachalam, (DIN: 00152619), Chairman retired by rotation pursuant to Section 152(6) of the Companies Act, 2013 and Article 93 of the Articles of Association and was appointed as Director, liable to retire by rotation. Ms. G. Jalaja (DIN: 00149278), who was appointed as an Additional Director of the Company on 20th March, 2015, was appointed as Director, liable to retire by rotation.

REAPPOINTMENT OF RETIRING DIRECTOR

Based on the recommendation of Nomination & Remuneration Committee and approval of the Board, Mr. M.A.M. Arunachalam, Director (DIN: 00202958) who retires by rotation pursuant to Section 152(6) of the Companies Act, 2013 and Article 93 of the Articles of Association at the forth coming Annual General Meeting and being eligible, offers himself for re- appointment.

APPOINTMENT OF DIRECTORS

During the year, Mr. R. Surendran (DIN: 00010017) was appointed as Additional Director (Independent) of the Company on 25th January, 2016. On the recommendation of the Nomination & Remuneration Committee and with the approval of the Board, Mr. R. Surendran is proposed to be appointed as an Independent Director for a period of 5 years with effect from 25th January, 2016 and necessary resolution seeking the approval of the members for his appointment is included in the Notice convening the Annual General Meeting. He is not liable to retire by rotation.

RESIGNATION OF DIRECTORS

During the year, Mr. S. S. Rajsekar, Independent Director (DIN: 00125641) had resigned from the

Board of Directors and the same was accepted by the Board with effect from the close of business hours on 28th October, 2015.

Your Directors place on record their grateful appreciation of the valuable services rendered and contributions made by Mr. S.S. Rajsekar, during his tenure of office as Director of the Company.

APPOINTMENT OF KEY MANAGERIAL PERSONNEL

During the year, Mr. N. Velappan, was appointed by the Board as Manager of the Company and a Key Managerial Person from 01st May, 2015 to 30th April, 2016 under Section 203 of the Companies Act, 2013, which was approved by the members at the 67th Annual General Meeting of the Company held on 24th July, 2015. The Board has now extended the tenure of Mr. N. Velappan as Manager for the period from 01st May, 2016 to 30th April 2017, for which the approval of members is being sought in the ensuing Annual General Meeting.

EVALUATION OF BOARD'S PERFORMANCE

As per the provisions of Section 134(3)(p) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as evaluation of the working of its Audit Committee, Nomination and Remuneration Committee, Risk Management Committee and Stakeholders Relationship Committee. The manner in which the evaluation has been carried out is explained in the Corporate Governance Report.

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

On their appointment, Independent Directors are familiarized about the Company's business and operations. Interactions with senior executives are facilitated to gather insight specific to the Company's operations. Detailed presentations are made available to apprise about Company's history, current business plan and strategies. As part of the familiarization programme, a handbook is provided to all Directors including Independent Directors at the time of their appointment. The handbook provides a snapshot to the Directors of their duties and responsibilities, rights, process of appointment and evaluation, compensation, Board and Committee procedures and expectation of various stakeholders.

The details of familiarization programmes as above are also disclosed on the website of the Company at the link: http://www.coromandelengg.com/Inv_policies.html.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received necessary declaration from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013 (Act) stating that the Independent Directors of the Company met with the criteria of Independence laid down in Section 149(6) of the Act and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

REMUNERATION POLICY

Pursuant to Section 178(3) of the Companies Act, 2013, the Board on the recommendations of the Nomination and Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and other employees and their remuneration. The details of the Remuneration Policy are stated in the Corporate Governance Report.

NUMBER OF MEETINGS OF THE BOARD

During the financial year ended 31st March 2016, the Board had met five (5) times on 28th April, 2015, 24th July, 2015, 28th October, 2015, 25th January, 2016 and 22nd March, 2016. Except on 22nd March, 2016, the Audit Committee had also met on the same dates. The details of the said meetings are given in the Corporate Governance Report. The intervening gap between the meetings was within the period as prescribed under the Companies Act, 2013.

DIRECTOR'S RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors' make the following Statements in terms of Section 134 (3) (c) of the Companies Act, 2013:

- (a) that in the preparation of the annual financial statements for the year ended 31st March, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (b) that the directors had selected such accounting policies as mentioned in Note No.

26 of the Financial Statements and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2016 and of the profit of the company for the year ended on that date;

(c) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) that the annual accounts for the year ended 31st March, 2016 have been prepared on a 'going concern' basis;

(e) that the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

(f) that the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

RELATED PARTY TRANSACTIONS

All transactions with Related Parties entered during the financial year were in the ordinary course of business and on an arm's length basis. There were no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. None of the Directors have any pecuniary relationships or transactions vis-à-vis the Company other than sitting fees and reimbursement of expenses incurred, if any, for attending the Board meeting.

The Related Party Transactions are placed before the Audit Committee for review and approval as per the terms of the Policy for dealing with Related Parties. Prior omnibus approval of the Audit Committee is obtained on a quarterly basis for transactions which are foreseen and of repetitive nature. The statement containing the nature and value of the transactions entered into during the quarter is presented at every subsequent Audit Committee meeting by the CFO for the review and approval of the Committee. Further, transactions proposed in subsequent quarter are also

presented. Besides, the Related Party Transactions are also reviewed by the Board on an annual basis. The details of the Related Party Transactions are provided in the accompanying financial statements. There are no contracts or arrangements entered into with Related Parties during the year ended 31st March, 2016 to be reported under section 188(1) of the Companies Act, 2013. The policy on dealing with Related Parties as approved by the Board is uploaded and is available on the Company's website at the following link: http://www.coromandelengg.com/Inv_policies.html.

EXPLANATION AND COMMENTS

The reports of statutory auditors and that of the secretarial auditors are self explanatory and have no adverse comments.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT

There are no material changes or commitments after the closure of the financial year.

COMPOSITION OF AUDIT COMMITTEE

Pursuant to Section 177 of the Companies Act, 2013, the Audit Committee was reconstituted by the Board of Directors and consists of the following members:

1.	Mr. P. Nagarajan	- Chairman
2.	Mr. M.A.M. Arunachalam	- Member
3.	Mr. N.V. Ravi	- Member
4.	Mr. R. Surendran	- Member

The Board has accepted the recommendations of the Audit Committee and there were no incidences of deviation from such recommendations during the financial year under review.

VIGIL MECHANISM

The Company has devised a vigil mechanism in pursuance of the provisions of Section 177(10) of the Companies Act, 2013 for Directors and employees to report genuine concerns or grievances to the Audit Committee in this regard and details whereof are available on the Company's website.

NOMINATION AND REMUNERATION COMMITTEE

Pursuant to Section 178 of the Companies Act, 2013, the Board has constituted a Nomination and Remuneration Committee consisting of the following members:

1. Mr. N.V. Ravi - Chairman
2. Mr. M.M. Venkatachalam - Member
3. Mr. P. Nagarajan - Member

The said committee has been empowered and authorized to exercise powers as entrusted under the provisions of Section 178 of the Companies Act, 2013. The Company had laid out and following the policy on director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub section 3 of Section 178 of the Companies Act, 2013.

Policy on Criteria for Board Nomination and Remuneration policy is available in the website of the Company http://www.coromandelengg.com/Inv_policies.html.

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

The Company through its Corporate Social Responsibility Committee had formulated a CSR policy as required under Section 135 of the Companies Act, 2013.

The following is the composition of the Corporate Social Responsibility Committee.

- a) Mr. R. Surendran - Chairman
- b) Mr. M.A.M Arunachalam - Member
- c) Ms G. Jalaja - Member

SCOPE OF CSR POLICY

This policy will apply to all projects/programmes undertaken as part the Company's Corporate Social Responsibility and will be developed, reviewed and updated periodically with reference to relevant changes in corporate governance, Statutory requirements and sustainable and innovative practices. The policy will maintain compliance and alignment with the activities listed in Schedule VII and Section 135 of the Companies Act, 2013 and the rules framed there under.

CSR POLICY IMPLEMENTATION

The Company shall undertake CSR project/ programmes identified by the CSR Committee and approved by the Board of Directors in line with the CSR Policy.

The CSR Policy of the Company is uploaded in the website of the Company, http://www.coromandelengg.com/Inv_policies.html.

REASON FOR NOT SPENDING ON CSR ACTIVITIES

Since the Company had incurred losses in 2 of the 3 preceding financial years, the Company had decided not to spend on the CSR activities during the financial year 2015-16 .

SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS

The company has not received any significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

LISTING AGREEMENT

The Securities and Exchange Board of India (SEBI), on 2nd September, 2015 issued SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the aim to consolidate and streamline the provisions of the Listing Agreement for different segments of capital markets to ensure better enforceability. The said regulations were effective from 1st December, 2015 and accordingly all listed entities were required to enter into the listing agreement within six months from the effective date. The Company entered into Listing Agreement with BSE Limited on 14th December, 2015.

AUDITORS**STATUTORY AUDITORS**

M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai bearing Firm Registration No. 0042075 were appointed as Statutory Auditors of the Company to hold office from the conclusion of 66th Annual General Meeting until the conclusion of 68th Annual General Meeting, subject to ratification of the appointment by the members at every Annual General Meeting held after 66th Annual General Meeting of the Company. The Board of Directors , based on the recommendation of Audit Committee, proposes the appointment of M/s Sundaram & Srinivasan as Statutory Auditors

of the Company, to hold office, from the conclusion of 68th Annual General Meeting until the conclusion of 69th Annual General Meeting, subject to approval of the appointment by the members at the 68th Annual General Meeting. The Statutory Auditors have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed there under for their re-appointment as Auditors of the Company. As required under Regulation 33 (1)(d) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

COST AUDITORS

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, Mr. N.V. Thanigaimani, Cost Accountant (Membership No.15557) was appointed as Cost Auditor of the Company for the financial year 2015-16. The remuneration payable to the cost auditor is required to be placed before the Members in a general meeting for their ratification. Accordingly, a resolution seeking ratification for the remuneration payable to Mr. N.V. Thanigaimani is included at item No 5 of the Notice convening the Annual General Meeting.

INTERNAL AUDITORS

The Company has appointed M/s RGN Price & Co, Chartered Accountants, Chennai, as internal Auditors of the Company for the financial year 2016-17.

SECRETARIAL AUDIT

Pursuant to Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed Mr. R. Sridharan of Messrs. R Sridharan and Associates, Company Secretaries, Chennai to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith. During the year under review, there has been no qualification, reservation or adverse remark or disclaimer in their report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

CORPORATE GOVERNANCE REPORT

All material information was circulated to the directors before their meeting or placed at their meeting, including minimum information required to be made available to the Board as prescribed under Part A of Schedule II of Sub- Regulation 7 of Regulation 17 of the Listing Regulations.

In terms of Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) regulations, 2015, a report on Corporate Governance along with a Certificate from a Practicing Company Secretary confirming the compliance with the conditions of Corporate Governance as stipulated under Part E of Schedule V of Sub- Regulation 34(3) of the Listing Regulations is attached to this report.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place a prevention of Sexual Harassment and Grievance Handling Policy in line with the requirements of The Sexual Harassment of Women at the workplace (Prevention, Prohibition & Redressal) Act, 2013.

Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary and trainees) are covered under this policy.

The following is the summary of sexual harassment complaints received and disposed off during the year 2015-16.

No. of complaints received – Nil

No. of complaints disposed off – Not Applicable

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, RESEARCH & DEVELOPMENT (R&D) & FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company does not have any commercial activity that calls for conservation of energy and/ or technology absorption, attracting disclosure in pursuance of Rule 8(3) of the Companies (Account) Rules, 2014. During the year, the Company did not have any foreign exchange earnings and the outgo was ₹ 0.14 Lakhs on revenue account.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the annual return in the prescribed form MGT.9 as per Section 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is annexed to and forms part of this Report.

PARTICULARS OF EMPLOYEES

The ratio of remuneration of each Director to the median of employees' remuneration as per Section 197(12) of the Companies Act, 2013 and information relating to employees to be disclosed under Rule 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules 2014 is annexed to and forms part of this report.

LISTING OF SECURITIES IN STOCK EXCHANGES

The Company's Equity Shares are presently listed on BSE Ltd.

Place: Chennai
Date: April 25, 2016

ACCREDITATION/ RECOGNITION

Your Company has been certified under ISO 9001:2008 for quality management system and BS OHSAS 18001:2007 for safety management system, in design and establishment of property development, construction of residential, commercial and industrial projects, supporting services like electrical, mechanical and plumbing works.

ACKNOWLEDGEMENT

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

On behalf of the Board

M.M. VENKATACHALAM
(DIN: 00152619)
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Analysis

The infrastructure and construction sector had yet another year of subdued growth. Many of the customer segments like Steel, Power etc. continued to put further investments on slow track due to reasons like stressed financials, excess capacity etc. There has been no pick up in credit demand of Corporates from banking sector signaling absence of any major upswing in capacity expansion projects across various sectors.

On the realty sector, across various regions, the launches have been lower compared to previous year. Developers have put emphasis on reducing their inventory of unsold apartments. Customers in residential segment preferred “ready to move” apartments to minimize the risk of delay in handing over. The passing of the Real Estate (Regulation and Development) Act, 2016, during March 16, is expected to significantly influence the operations of this sector and benefit the buyer.

The investment climate in 2016-17 is expected to be subdued in view of the financial stress in key sectors like Steel, Power etc. The drought like conditions across many states is also likely to result in shortfall in agricultural production and put pressure on rural demand. This may have a cascading effect on investment sentiment and cause further delay in investment cycles.

Review of Business of Coromandel Engineering Company Ltd

The Company had participated in tenders worth ₹ 835 Crores across industrial, commercial and residential segments, during the year. There was stiff competition on the pricing front. Your Company could not secure any major order during the year due to lower prices offered by competitors. The decision on placement of orders were also deferred in few cases.

During the year, the major constraint faced in execution of the projects was the continued delay in payment by certain clients, due to liquidity issues at their end . This in turn had an adverse impact on the Company’s cash flow leading to slower execution of work in certain projects. While the Management took various efforts to obtain the overdue payments from clients, it continued to face delays in settlement.

On the residential front, the Company has completed handing over of all the pending property development projects in Chennai and Coimbatore. The Company is on the lookout for taking up fresh projects in property development in mid/premium range. However due to the existing inventories available in the market, demand and pricing for fresh launches are expected to be under pressure. Further launches will have to await the formation of Real Estate Regulatory Authorities in each State to approve new projects, as per the Real Estate (Regulation and Development) Act, 2016.

Risk Management

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

Bidding Risk

Quoting with very thin margins to win orders matching the pricing of competition, leading to low margins while executing the project.

Mitigation Measures

1. Site visits and thorough study of project scope before quoting for tenders. Structured process and formats to cover all possible activities and related costs while quoting.
2. Fixing minimum margins to be targeted and approval process for additional discounts, based on commercial justification.

Risk in Process Activity

Linkage of processes from quoting and getting orders, deployment of cost and timelines, mobilisation and work execution to be ensured. In the absence of this linkage, actual cost and timelines may vary adversely.

Mitigation Measures

1. Ensuring elaborate detailed study of the site conditions and scope of the project with cross functional teams.
2. Plan for Project execution done elaborately with process linkages.
3. Monitor the monthly progress with the plan laid out.

Quality Risk

The risk of quality of work not being as per agreed specifications, resulting in short passing of work done, delays in payment and additional rework costs affecting profitability and loss of reputation.

Mitigation Measures

1. Evaluating quality standards of Vendor/Service Providers and having a pre-qualified panel for placing orders.
2. Rigorous Monitoring of the quality of incoming materials and work execution.
3. Ensuring periodic certification from clients agreeing on the quality of work completed

Risk of Timely Completion

Not completing the work as per agreed timelines, leading to cost escalation, levy of liquidated damages and loss of further business .

Mitigation Measures

1. Timely mobilisation of site team and other requirements, on getting the order.
2. Ensuring timely availability of material/labour/ equipment in a co-ordinated manner.
3. Monitoring the requirement of drawings/front clearances needed from client and ensure these are communicated in advance and delay from client is documented.

Cost Escalation Risk

Increase in cost of inputs beyond budget leading to margins getting affected.

Mitigation Measures

1. Project Cost estimates to be based on specific site conditions, seasonal cost and availability factors and anticipated cost push over tenure of the project .
2. Transparent escalation clauses to be included in the contract.
3. Negotiating better rates from suppliers/service providers, leveraging volumes across sites.

Client Concentration Risk

Dependence on select industries/ limited repeat clients impacting order inflow in the event of slowdown in sector or customer attrition.

Mitigation Measures

1. Work on getting orders from wider geographical locations/ industry segments after proper risk evaluation.
2. Getting technical approval/prequalification by project consultants/architects to widen client base.
3. Execute projects on time meeting customer quality requirements to ensure preference from existing customers for repeat orders.

Compliance Risk

Contractual and Legal - non compliance of specific contractual obligation and general obligations in practice and statutory non compliance will result in penalty and loss of reputation.

Mitigation Measures

1. Monitoring industry specific statutory requirements (like Real Estate (Regulation and Development) Act, 2016) and continuous education and training to employees to ensure compliance.
2. Checklist to capture applicable contractual obligations on a case to case basis from quotation stage and ensure onerous clauses are not accepted.
3. Establishing documentation to safeguard contractual non compliances due to client issues.

Human Resources Risk

Inability to attract and retain right talent, impacting the performance and growth of the business

Mitigation Measures

1. Identifying good performers and ensuring opportunities for career growth through challenging roles and performance related compensation.
2. Attracting talent from industry with up to date technical skills through market related compensation.

Liquidity Risk

Not generating adequate cash vis-a-vis requirements, resulting in delayed payments affecting operations and increase in borrowings, leading to higher interest cost.

Mitigation Measures

1. Ensuring timely certification of the work done by client to ensure quicker invoice turnaround.
2. Monitoring collections from clients based on certified invoices as per contractual terms and put in escalation mechanism for follow-up when delays occur.
3. Ensuring better credit terms from suppliers.

Discussion on financial performance with respect to operations**Income from operations:**

During the year, the Company achieved revenue from Operations of ₹ 12221 lakhs as against ₹ 23039 lakhs in the previous year. The degrowth was mainly in Contracts due to lower order book and delay in execution of work resulting from delay in payment by certain customers. This, in turn, had affected inflow of materials and services. In the case of PDD, lower revenue during the year was due to completion of major sales of the projects under execution in Q4 of previous year.

Summary of Financial Results :

The revenue and breakup of expenditure for the year are as follows:

	₹ in Lakhs			
	FY 2015-16	%	FY 2014-15	%
Revenue from Operations	12221	100.0	23039	100.0
Materials consumed and Sub contract expenses	9383	76.8	17720	76.8
Salaries & Other Benefits	857	7.0	1467	6.4
Other Expenses	934	7.6	1730	7.5
Finance Cost	720	5.9	1669	7.2
Depreciation	436	3.6	489	2.1
Total Costs	12330	100.9	23075	100.2

Due to lower volumes, the margin at site level was affected. Steps were taken to reduce the

various fixed costs like hire charges, manpower and other administrative costs. EBITDA was at ₹ 1225 lakhs. Interest cost came down during the year due to lower level of borrowings.

Net Profit

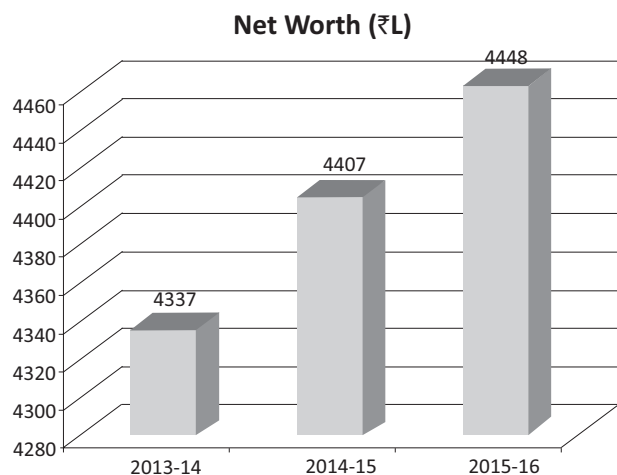
₹ in Lakhs

	2015-16	2014-15
Total revenue	12399	23129
Profit/(Loss) before interest and tax (PBIT)	789	1723
Profit/ (loss) before tax (PBT)	69	54
PBT as % of revenue	0.6	0.2

Net Worth

The net worth of the Company as at March 31, 2016 was ₹ 4448 lakhs as compared to ₹ 4407 lakhs as at March 31, 2015.

₹ in Lakhs

**Internal control systems and their adequacy**

Your Company has an Internal Control System commensurate with the size and complexity of Operations. The overall objective of the process of Internal Control is to safeguard the assets of the Company, ensure that Operations are conducted in orderly and efficient manner and high standards of Corporate Governance are met.

Your company has established and is maintaining adequate internal controls within the system to ensure completeness and accuracy of financial and other information, which are used by management for supervision and control. The adequacy and effectiveness of internal controls are monitored regularly by the internal auditors and measures for improvement are adopted from time to time. Also

as part of the internal control systems, it is being ensured that all applicable laws are complied without any lapse. Periodic updates are being sought from the relevant sources to keep abreast with the latest changes in any applicable law and the compliance thereof.

The Audit Committee of the Company meets periodically to review and recommend quarterly, half yearly and annual financial statements of the Company. The Audit Committee reviews the important findings and corrective measures from internal audit reports. The Committee 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 of their audit and findings.

Human Resources

The company believes that the human capital is the key contributor for the business growth and competitiveness. This includes not only the employees of the Company, but the skilled labour engaged at project sites, through sub-contracting. During the year, due to lower volume of operations, a thorough review of the available manpower was done. Rationalisation of manpower was done to minimize the cost without affecting the operations. Productivity of employees as well as labour engaged through sub-contractors was improved through close monitoring.

The total permanent employee strength of the Company as at the end of the year was at 127 .

Place: Chennai
Date: April 25, 2016

On behalf of the Board
M.M. VENKATACHALAM
(DIN: 00152619)
Chairman

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31st March, 2016

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	L74910TN1947PLC000343
Registration Date	3 rd September, 1947
Name of the Company	Coromandel Engineering Company Limited
Category/Sub-Category of the Company	Company limited by shares / Indian – non-Government Company
Address of the Registered office and contact details	Parry House, 3rd floor, No.43 Moore Street, Chennai -600001 narayanar@cec.murugappa.com Ph:044-2534 1700
Whether listed company Yes / No	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District Nanakramguda , Hyderabad – 500 032 Tel : 91-40-23420815 to 23420824 Toll Free No.1-800-3454001 Fax : +91-40 23420814 Email : einward.ris@karvy.com Website: www.karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl.No.	Name and Description of main products/ services	NIC Code of the Product/ service	% total turnover of the Company
1	Construction of Buildings	410	60
2	Construction of other civil engineering projects	429	40

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

S. No.	Name and address of the Company	CIN/GLN	Holding / Subsidiary / Associate	%of shares Held	Applicable Section
	NA	NA	NA	NA	NA

I. SHAREHOLDING PATTERN (Equity Share Capital Break up as percentage of Total Equity)
(i) Category-wise Share Holding

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 01/04/2015			NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2016			% CHANGE DURING THE YEAR	
		DEMAT (III)	PHYSICAL (IV)	TOTAL (V)	DEMAT (VII)	PHYSICAL (VIII)	TOTAL (IX)		% OF TOTAL SHARES (X)
(I)	(II)								
	(A) PROMOTER								
	(1) INDIAN								
	(a) Individual /HUF	2927462	0	2927462	2927462	0	2927462	8.81	0.00
	(b) Central Government	0	0	0	0	0	0	0.00	0.00
	(c) State Government	0	0	0	0	0	0	0.00	0.00
	(d) Bodies Corporate	7651799	0	7651799	7651799	0	7651799	23.02	0.00
	(e) Financial Institutions / Banks	0	0	0	0	0	0	0.00	0.00
	(f) Any other	0	0	0	0	0	0	0.00	0.00
	PROMOTER GROUP								
	Individuals/HUF & Bodies Corporate	14196676		14196676	14217476		14217476	42.78	0.06
	Sub-Total A(1) :	24775937	0	24775937	24796737	0	24796737	74.61	0.06
	(2) FOREIGN								
	(a) Individuals (NRIs/Foreign Individuals)	0	0	0	0	0	0	0.00	0.00
	(b) Bodies Corporate	0	0	0	0	0	0	0.00	0.00
	(c) Institutions	0	0	0	0	0	0	0.00	0.00
	(d) Qualified Foreign Investor	0	0	0	0	0	0	0.00	0.00
	(e) Others	0	0	0	0	0	0	0.00	0.00
	Sub-Total A(2) :	0	0	0	0	0	0	0.00	0.00
	Total A=A(1)+A(2)	24775937	0	24775937	24796737	0	24796737	74.61	0.06
	(B) PUBLIC SHAREHOLDING								
	(1) INSTITUTIONS								
	(a) Mutual Funds /UTI	0	0	0	0	0	0	0.00	0.00
	(b) Financial Institutions /Banks	0	0	0	0	0	0	0.00	0.00
	(c) Central Government / State Government(s)	0	0	0	0	0	0	0.00	0.00
	(d) Venture Capital Funds	0	0	0	0	0	0	0.00	0.00

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 01/04/2015				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2016				% CHANGE DURING THE YEAR
		DEMAT (III)	PHYSICAL (IV)	TOTAL (V)	% OF TOTAL SHARES (VI)	DEMAT (VII)	PHYSICAL (VIII)	TOTAL (IX)	% OF TOTAL SHARES (X)	
(I)	(II)									
(e)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors	0	0	0	0.00	0	0	0	0.00	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(1) :	0	0	0	0.00	0	0	0	0.00	0.00
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	1242316	5112	1247428	3.75	789224	5112	794336	2.39	(1.36)
(b)	Individuals									
	(i) Individuals holding nominal share capital upto ₹1 lakh	1926638	84626	2011264	6.05	2450280	74969	2525249	7.60	1.55
	(ii) Individuals holding nominal share capital in excess of ₹1 lakh	5133442	0	5133442	15.45	5090195	0	5090195	15.32	(0.13)
(c)	Others									
	CLEARING MEMBERS	11077	0	11077	0.03	3692	0	3692	0.01	(0.02)
	NON RESIDENT INDIANS	49650	0	49650	0.15	18589	0	18589	0.06	(0.09)
	TRUSTS	4800	0	4800	0.01	4800	0	4800	0.01	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(2) :	8367923	89738	8457661	25.45	8356780	80081	8436861	25.39	(0.06)
	Total B=B(1)+B(2) :	8367923	89738	8457661	25.45	8356780	80081	8436861	25.39	(0.06)
	Total (A+B) :	33143860	89738	33233598	100.00	33153517	80081	33233598	100.00	0.00
(C)	Shares held by custodians, against which Depository Receipts have been issued									
(1)	Promoter and Promoter Group	0	0	0	0.00	0	0	0	0.00	0.00
(2)	Public	0	0	0	0.00	0	0	0	0.00	0.00
	GRAND TOTAL (A+B+C) :	33143860	89738	33233598	100.00	33153517	80081	33233598	100.00	

(ii) Shareholding of Promoters

Sl. No	Name of the Share Holder	Category	Shareholding at the beginning of the year			Shareholding at the end of the year			% of Change in Shareholding during the year
			No of Shares held as on 01/04/2015	% of total shares of the Company	% of shares pledged / encumbered to total shares (includes GDR)	No of Shares Held As on 31/03/2016	% of total shares of the Company	% of shares pledged / encumbered to total shares (includes GDR)	
1	CARBORUNDUM UNIVERSAL LIMITED	PROMOTER COMPANIES	3042900	9.16	0.00	3042900	9.16	0.00	0
2	MURUGAPPA HOLDINGS LIMITED	PROMOTER COMPANIES	2500100	7.52	0.00	2500100	7.52	0.00	0
3	AMBADI ENTERPRISES LTD	PROMOTER COMPANIES	1000100	3.01	0.00	1000100	3.01	0.00	0
4	AMBADI INVESTMENTS PRIVATE LIMITED	PROMOTER COMPANIES	632280	1.90	0.00	632280	1.90	0.00	0
5	M M MURUGAPPAN	DIRECTORS AND RELATIVES	451610	1.36	0.00	451610	1.36	0.00	0
6	M M VENKATACHALAM	DIRECTORS	451610	1.36	0.00	451610	1.36	0.00	0
7	TUBE INVESTMENTS OF INDIA LTD	PROMOTER COMPANIES	433481	1.30	0.00	433481	1.30	0.00	0
8	M A M ARUNACHALAM	DIRECTORS	361610	1.09	0.00	361610	1.09	0.00	0
9	ARUN ALAGAPPAN	PROMOTERS	326610	0.98	0.00	326610	0.98	0.00	0
10	A VENKATACHALAM	PROMOTERS	284935	0.86	0.00	284935	0.86	0.00	0
11	S VELLAYAN	PROMOTERS	284935	0.86	0.00	284935	0.86	0.00	0
12	A VELLAYAN	PROMOTERS	284935	0.86	0.00	284935	0.86	0.00	0
13	M V MURUGAPPAN	PROMOTERS	218630	0.66	0.00	218630	0.66	0.00	0
14	M.A.ALAGAPPAN	PROMOTERS	41210	0.12	0.00	41210	0.12	0.00	0
15	M V SUBBIAH	PROMOTERS	18090	0.05	0.00	18090	0.05	0.00	0
16	M.A.ALAGAPPAN	PROMOTERS	10000	0.03	0.00	10000	0.03	0.00	0
17	M V MUTHIAH	DIRECTORS AND RELATIVES	6000	0.02	0.00	6000	0.02	0.00	0
18	M M MURUGAPPAN	DIRECTORS AND RELATIVES	5120	0.02	0.00	5120	0.02	0.00	0
19	M V SUBBIAH	PROMOTERS	4160	0.01	0.00	4160	0.01	0.00	0
20	V NARAYANAN	PROMOTERS	3456	0.01	0.00	3456	0.01	0.00	0
21	M.M.VEEERAPPAN	DIRECTORS AND RELATIVES	1800	0.01	0.00	1800	0.01	0.00	0
22	M M MUTHIAH	DIRECTORS AND RELATIVES	1800	0.01	0.00	1800	0.01	0.00	0
23	A.VELLAYAN	PROMOTERS	960	0.00	0.00	960	0.00	0.00	0
24	V ARUNACHALAM	PROMOTERS	816	0.00	0.00	816	0.00	0.00	0
25	E.I.D.PARRY (INDIA) LTD.	PROMOTER COMPANIES	42938	0.13	0.00	42938	0.13	0.00	0
26	M V MURUGAPPAN	PROMOTERS	68910	0.21	0.00	68910	0.21	0.00	0
27	M V SUBBIAH	PROMOTERS	85165	0.26	0.00	85165	0.26	0.00	0
28	M M MURUGAPPAN	DIRECTORS AND RELATIVES	13500	0.04	0.00	13500	0.04	0.00	0
29	M A ALAGAPPAN	PROMOTERS	1600	0.00	0.00	1600	0.00	0.00	0
	TOTAL		10579261	31.83		10579261	31.83		

(iii) Change in Promoter & Promoter group Shareholding (please specify, if there is no change)-

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	M VELLACHI - Promoter Group	NIL	0.00	20800	0.06

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No	Name of the Share Holder	Date	Increase/ Decrease in share holding	Reason	No of Shares	% of total shares of the company
1	PRESCIENT SECURITIES PRIVATE LIMITED	31-03-2015			343743	1.03
		10-04-2015	6235	sold	337508	1.01
		17-04-2015	4906	sold	332602	1.00
		05-08-2015	332602	sold	0	0.00
		31-03-2016			0	0.00
2	B N NAGAMANI	31-03-2015			214000	0.64
		12-06-2015	50000	Sold	164000	0.49
		19-06-2015	80000	Sold	84000	0.25
		31-03-2016			84000	0.25
3	DHARMESH R SHAH	31-03-2015			205799	0.61
		12-06-2015	1	purchase	205800	0.61
		28-08-2015	30800	sold	175000	0.53
		19-02-2015	15000	sold	160000	0.48
		04-03-2016	8750	sold	151250	0.45
		18-03-2016	250	sold	151000	0.45
		31-03-2016			151000	0.45

Sl. No	Name of the Share Holder	Date	Increase/ Decrease in share holding	Reason	No of Shares	% of total shares of the company
4	CHETAN JAYANTILAL SHAH	31-03-2015			109500	0.33
		15-05-2015	40000	Purchase	149500	0.45
		22-05-2015	150500	Purchase	300000	0.90
		26-06-2015	25000	Purchase	325000	0.98
		31-03-2016			325000	0.98
5	BHADRA JAYANTILAL SHAH	31-03-2015			0	0.00
		22-05-2015	33330	Purchase	33330	0.10
		29-05-2015	236670	Purchase	270000	0.81
		26-06-2015	55000	Purchase	325000	0.98
		31-03-2016			325000	0.98
6	SMITA N NAVARE	31-03-2015			250010	0.75
		31-03-2016			250010	0.75
7	DHANESH SUMATILAL SHAH	31-03-2015			250000	0.75
		31-03-2016			250000	0.75
8	SHAH NIMESH SUMATILAL	31-03-2015			250000	0.75
		31-03-2016			250000	0.75
9	SHAH DURGESH SUMATILAL	31-03-2015			250000	0.75
		31-03-2016			250000	0.75
10	SIDDHANT DURGESH SHAH	31-03-2015			250000	0.75
		31-03-2016			250000	0.75
11	HARDIK DHANESH SHAH	31-03-2015			250000	0.75
		31-03-2016			250000	0.75
12	VISHESH NIMESH SHAH	31-03-2015			250000	0.75
		31-03-2016			250000	0.75
13	CHETAN RASIKLAL SHAH	31-03-2015			0	0.00
		31-12-2015	150000	Purchase	150000	0.45
		08-01-2016	17876	Purchase	167876	0.51
		31-03-2016			167876	0.51

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the Beginning of the year		Cumulative Shareholding During the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
A	Directors				
1.	Mr M M Venkatachalam - Director				
	At the beginning of the year	451610	1.36	451610	1.36
	Date wise Increase/ Decrease in Share holding during the year	---	---	---	---
	At the End of the year	451610	1.36	451610	1.36
2.	Mr M A M Arunachalam - Director				
	At the beginning of the year	361610	1.09	361610	1.09
	Date wise Increase/ Decrease in Share holding during the year	---	---	---	---
	At the End of the year	361610	1.09	361610	1.09
Sl. No.	For Each of the Directors and KMP	Shareholding at the Beginning of the year		Cumulative Shareholding During the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
B	Key Managerial Personnel [(KMP)]				
1.	Mr N. Velappan – Manager *				
	At the beginning of the year	---	---	---	---
	Date wise Increase/ Decrease in Share holding during the year	---	---	---	---
	At the End of the year			---	---
2.	Mr R Narayanan – Company Secretary				
	At the beginning of the year	---	---	---	---
	Date wise Increase/ Decrease in Share holding during the year	---	---	---	---
	At the End of the year	---	---	---	---
3.	Mr K Ramakrishnan – Chief Financial Officer				
	At the beginning of the year	2000	0.00	2000	0.00
	Date wise Increase/ Decrease in Share holding during the year	---	---	---	---
	At the End of the year	2000	0.00	2000	0.00

* Mr N. Velappan was appointed as Manager of the Company with effect from 01.05.2015

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

₹ in lakhs

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	7,074	---	---	7,074
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i + ii + iii)	7,074	---	---	7,074
Change in Indebtedness during the financial year				
• Addition	10600	800		11400
• Reduction	(15372)	(600)		(15972)
Net Change	(4772)	200		(4572)
Indebtedness at the end of the financial year				
i) Principal Amount	2302	200	--	2502
ii) Interest due but not paid		--	--	
iii) Interest accrued but not due		--	--	
Total (i + ii + iii)	2302	200	--	2502

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

₹

Sl No	Particulars of Remuneration	Mr. N. Velappan Manager from 01 st May 2015 to 31 st March 2016	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2733892	2733892
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	19800	19800
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961		
2.	Stock Option	--	--
3.	Sweat Equity	--	--
4.	Commission - As % of profit - others, specify...	--	--
5.	Others, (Retainer Fees)	--	--
	Total(A)	2753692	2753692
	Ceiling as per the Act	--	3850000

B. Remuneration to other directors:

₹

Sl. no.	Particulars of Remuneration	Name of Directors			Total
1.	1. Independent Directors •Fee for attending board committee meetings •Commission •Others, please specify	N.V. RAVI 100000	P. NAGARAJAN 100000	R. SURENDRAN 30000	230000
	Total(1)	100000	100000	30000	230000
	2. Other Non-Executive Directors •Fee for attending board committee meetings •Commission •Others, please specify	M.M. VENKATA CHALAM 70000	M.A.M. ARUNACHALAM 80000	G. JALAJA 60000	210000
	Total(2)	70000	80000	60000	210000
	Total(B)=(1+2)				440000
	Total Managerial Remuneration				
	Over all Ceiling as per the Act				

Sitting fees and commission

The Board of Directors at their meeting held on 25th January 2012 renounced their right to receive sitting fees for Board as well as Committee meetings being attended by them effective from 25.01.2012 till such time, the Board decided otherwise. The Board had at its meeting held on 24th July, 2015 decided to pay sitting fees of ₹10,000/- for each director for every Board and Committee meeting attended by him/her. In view of the financial performance, no commission was provided for in the current year to the Directors.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

₹

Sl.No.	Particulars of Remuneration	Mr K Ramakrishnan Chief Financial Officer	Mr R Narayanan Company Secretary	Total
	Gross salary	2303023	3239712	5565735
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961			
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		21600	21600
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
2.	Stock Option	--	--	--
3.	Sweat Equity	--	--	--
4.	Commission as % of profit - others, specify...	--	--	--
5.	Others, please specify	--	--	--
	Total	2303023	3261312	5587335

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty Punishment/ Compounding fees imposed	Authority RD/ NCLT/Court	Appeal
A. COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

STATEMENT OF EMPLOYEES' REMUNERATION

A. Details of employees who were paid remuneration in excess of ₹ 5 lakhs per month or ₹ 60 lakhs per annum during 2015-16 as per Rule 5(2) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules 2014 are as follows:

Name and Age	Designation	Gross Remuneration paid ₹	Qualification and Experience(years)	Date of Commencement of employment	Previous Employment
T.S. Venkatram(57)*	Head -Operations	3392031	B. Tech(Civil), M. Tech(Structural) (32)	07.07.2014	Prathiba Industries

Remuneration shown above includes salary, allowances, Company's contribution to provident, superannuation and gratuity funds, medical facilities and perquisites valued as per income-tax rules.

* - Mr. T.S. Venkatram resigned from the services of the Company with effect from 30th September 2015 and the remuneration shown above are for part of the year, he was in service.

B. The details of remuneration during the year 2015-16 as per Rule 5(1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules 2014 are as follows :

- (i) Median remuneration 2015-16 – ₹ 3,52,234
- (ii) Median remuneration 2014-15 – ₹ 3,25,897
- (iii) Percentage increase in the median remuneration of employees – 8.1 %
- (iv) Number of permanent employees on the rolls of the company – 31 March, 2015 - 211, 31 March, 2016- 127
- (v) Ratio of Remuneration of each Director to the median remuneration of the employees of the Company for the financial year - **Not applicable**. Directors were not paid any remuneration during the year other than sitting fees.

- (vi) Percentage increase in the remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager, in the financial year

Name	Designation	% increase
R. Narayanan	Company Secretary	8.7

No remuneration was paid for Directors except sitting fees. Manager was appointed in 2015-16 for part of the year and CFO was appointed in 2014-15 for part of the year. Hence % increase cannot be calculated.

- (vii) Explanation on relationship between average increase in remuneration & company performance

- Average increase in remuneration - 8.3 %
- Company Performance - Revenue increase (-)46 %
- Explanation on relationship – Increase in remuneration to cover inflation .

- (viii) Comparison of remuneration of Key Managerial Personnel and each Key Managerial Personnel against the performance of the Company:

Name	Designation	% increase in Remuneration	% increase in PAT*
Mr. R Narayanan	Company Secretary	8.7	(64)
Manager appointed in 2015-16 and for part of the year. CFO appointed for part of previous year. Hence % increase cannot be calculated *PAT was at ₹ 40 Lakhs for 2015-16 as compared to ₹ 112 Lakhs in 2014-15			

- (ix) Variations in the market capitalization of the company

	31.03.2015	31.03.2016
Market Capitalization of the Company (in ₹ Lakhs)	13875	18827
Closing Price at the Bombay Stock Exchange Ltd. (in ₹)	41.75	56.65
Price Earnings Ratio as at the closing date	123 times	472 times

- (x) Percentage increase / decrease in market quotations of the shares of the Company in comparison with the last public offer – Not applicable as the last public offer was made more than 3 decades back and the data would be incomparable.

- (xi)

- Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year – 8.3%
- Percentile increase in the managerial remuneration - Not applicable as no remuneration other than sitting fees was paid to Directors and Manager was appointed only for part of the year and increase cannot be quantified.
- Comparison of the above and justification thereof - Not comparable
- Point out if there is any exceptional circumstances for increase in the managerial remuneration – None
- Key parameters for any variable component of remuneration availed by the Directors
Not applicable as no remuneration other than sitting fees was paid to Directors
- Ratio of remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year - Not applicable as no remuneration other than sitting fees was paid to Directors.

REPORT ON CORPORATE GOVERNANCE

Your Directors have great pleasure in presenting the Corporate Governance Report for the year ended 31st March, 2016.

Corporate Governance is the systematic process by which the affairs of the Company are directed and controlled by the Board in the best interest of all the stakeholders. The interest of various stakeholders like the Shareholders, management, employees, customers, suppliers and service providers, regulators and the community at large is sought to be aligned through the process of Corporate Governance. Corporate Governance ensures fairness, transparency and integrity in dealings by the Company.

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 towards business orientation, objectivity, accountability and integrity.

1. Corporate Governance in Coromandel Engineering Company Limited (CEC)

Coromandel Engineering Company Limited, a constituent of the Murugappa Group, adheres to good corporate practices and constantly strives to improve them and adopt the best practices. Adherence to business ethics and commitment to corporate social responsibility are the enablers for the Company to maximise value for all its stakeholders.

CEC is committed to the spirit of Murugappa Group by holding the core values of integrity, passion, responsibility, quality and respect in dealing 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

Key elements in corporate governance are transparency, internal control, risk management,

internal and external communications and high standards of safety & health. The Board has empowered responsible officers to implement broad policies and guidelines and has set up adequate review processes.

The Corporate Governance philosophy of the Company has been further strengthened with the adoption of the CEC's Code of Conduct. In compliance with the disclosure requirements of Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter "Listing Regulations"), the details are set out below:

2. Board of Directors

a) Composition

The Board consisted of 6 (Six) members as at 31st March, 2016 with knowledge and experience in different fields viz., Engineering, Manufacturing, Finance and Business Management etc. Entire Board comprises of non-executive directors and one half of the Board members are Independent Directors.

Non Executive Promoter Chairman	1
Non Executive Directors includes 1 Promoter Director	2
Non Executive and Independent Directors	3

All independent directors possess the requisite qualifications and are very experienced in their own fields. Directors other than Independent Directors are liable to retire by rotation. None of the directors are members of more than ten committees or chairman of more than five committees in public limited companies in which they are directors. Necessary disclosures have been obtained from all the directors regarding their directorships/committee memberships and have been taken on record by the Board.

None of the Directors of the Company are related to each other.

Appointment of Directors

Mr. R. Surendran (DIN:00010017) was appointed as an Additional Director (Independent) w.e.f 25th January, 2016 and will hold office till the ensuing annual general meeting. It is proposed to seek the approval of the shareholders for his appointment as

an Independent Director of the Company w.e.f 25th January, 2016 . Relevant details relating to Mr. R. Surendran are furnished in the notice convening the Annual General Meeting to be held on 22nd July, 2016 sent along with the annual report.

The names of the Directors and the details of other chairmanship / directorship / committee membership of each Director as on 31st March, 2016 are given below:

Name of Director	Category	Number of Directorships in other Companies	Number of Committee Memberships in other Companies
Mr. M.M. Venkatachalam	Non Executive, Promoter, Chairman	5	2
Mr. M.A.M Arunachalam	Non Executive, Promoter	1	NIL
Mr. N.V. Ravi	Non Executive, Independent	2	NIL
Mr. P. Nagarajan	Non Executive, Independent	1	2
Ms. G. Jalaja	Non Executive	3	NIL
Mr. R. Surendran*	Non Executive, Independent	1	2

Notes:

- Other directorships exclude directorships in foreign companies.
- Only membership in Audit Committee and Stakeholders' Relationship Committee have been reckoned for committee memberships

* Mr. R. Surendran (DIN:00010017) was appointed as an Additional Director of the Company w.e.f 25.01.2016

b) Board Meetings

The Board has formal schedule of matters reserved for its consideration and decision. The agenda is circulated well in advance to the Board members. The items in the agenda are backed by comprehensive background information to enable the Board to take appropriate decisions. In addition to the information required under Part A of Schedule II of Sub- Regulation 7 of Regulation 17 of the Listing Regulations, the Board is also kept informed of major events/items and approvals are taken wherever necessary for making investments, ensuring adequate availability of financial resources and periodically consider the report on compliance of applicable laws and gives appropriate directions.

The Board also reviews the Board Meeting minutes and financial statements and also takes on record the Committee meeting minutes.

The Board of Directors met five (5) times during the financial year ended 31st March, 2016 on 28th April, 2015, 24th July, 2015, 28th October, 2015, 25th January, 2016, and 22nd March, 2016. The maximum gap between any two meetings was less than one hundred and twenty days. During the year, separate meeting of the Independent Directors was held on 22nd March, 2016 without the attendance of non-independent directors and members of the management.

Details of Board members as on 31st March, 2016 and Attendance at Board & General Meetings

Sl. No.	Date	Board Strength	No. of Directors present
1	28.04.2015	6	5
2	24.07.2015	6	3
3	28.10.2015	6	5
4	25.01.2016	6	6
5	22.03.2016	6	6

The company places before the Board all those details as required under Part A of Schedule II of Sub- Regulation 7 of Regulation 17 of the Listing Regulations. The dates for the board meetings are fixed well in advance after taking into account the convenience of all the directors and sufficient notice is given to them. Detailed agenda notes are sent to the directors. All the information required for decision making are incorporated in the agenda. Those that cannot be included in the agenda are tabled at the meeting. The management apprises

the Board on the overall performance of the company at every board meeting. Legal issues, write-offs, provisions, purchase and disposal of capital assets are all brought to the notice of the Board. The Board reviews the performance, approves capital expenditures, sets the strategy that the company should follow and ensures financial stability. The Board reviews and takes on record the actions taken by the company on all its decisions periodically.

Attendance of each Director at Board Meetings and at the previous Annual General Meeting (AGM)

Sl. No.	Name	No. of Board Meetings Held	No. of Board Meetings attended	Attendance at the last AGM
1.	Mr. M. M. Venkatachalam	5	5	Yes
2.	Mr. M.A.M. Arunachalam	5	4	-
3.	Mr. S.S. Rajsekar §	5	0	-
4.	Mr. N.V. Ravi	5	5	Yes
5.	Mr. P. Nagarajan	5	5	Yes
6.	Ms. G. Jalaja	5	4	-
7.	Mr. R.Surendran *	5	2	N A

§. Mr S.S. Rajsekar resigned from the Board on 28th October, 2015

*. Mr R. Surendran appointed as Additional Director on 25th January, 2016

Board Procedure

The Directors are appointed based on their qualifications and experience in varied fields as well as company’s business needs. The Nomination and Remuneration Committee recommends the appointment of Directors to the Board. At the time of induction on the Board of the Company, an invitation to join the Board of the Company is sent and a directors’ handbook comprising a compendium of the role, powers and duties to be performed by a Director is given to the new Director. Presentation is also made to the new Director regarding the business and other details of the Company.

Details of Director seeking appointment / re-appointment

Mr. R Surendran (DIN:00010017) appointed as an Additional Director of the Company during the year will hold office till the ensuing Annual General Meeting and a written notice has been received from a member along with the requisite deposit, proposing Mr. R. Surendran’s appointment

as an Independent Director at the ensuing Annual General Meeting.

Mr. M A M Arunachalam (DIN:00202958), Director of the Company, retires by rotation at the ensuing Annual General Meeting, and being eligible, offers himself for re-appointment.

3. Board Committees

a. Audit Committee - Overall purpose/ objective

The role of Audit Committee in brief is to review the financial statements, internal controls, accounting policies and internal audit reports.

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 statutory auditors / internal auditors and overseeing the Company’s accounting

and financial reporting processes and the audits of the Company's financial statements.

Composition

Pursuant to Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations, the Company has in place an Audit Committee with Mr. P Nagarajan, Independent Director (DIN: 00110344) as the Chairman. The Committee consists of 3 independent Directors and one non executive Director. All the members of the Committee have excellent financial & accounting knowledge. The Chairman, Executive Vice President, Associate Vice President and Chief Financial Officer of the Company and Internal Auditors and Statutory Auditors are the invitees to the meetings of the Audit Committee. The company secretary acts as the secretary to the committee.

The Chairman of the Audit Committee was present at the previous Annual General Meeting of the company held on 24th July, 2015.

Terms of Reference

The terms of reference of the audit committee covers all matters specified in Part C of Schedule II of Sub- Regulation 3 of Regulation 18 of the Listing Regulations and also those specified in section 177 of the Companies Act, 2013. The terms of reference broadly include review of internal audit reports and action taken reports, assessment of the efficacy of the internal control systems/ financial reporting systems and reviewing the adequacy of the financial policies and practices followed by the company. The audit committee reviews the compliance with legal and statutory requirements, the quarterly and annual financial statements and related party transactions and reports its findings to the Board. The committee also recommends the appointment of internal auditors, statutory auditors and cost auditor.

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

Meetings

The Committee met Four (4) times during the financial year ended 31st March, 2016 on 28th April, 2015, 24th July, 2015, 28th October, 2015 and 25th January, 2016 and the time gap between the two meetings did not exceed one hundred and twenty days.

Name of the Member	Chairman / Member	No. of Meetings Attended
Mr. P. Nagarajan	Chairman	4
Mr. M.A.M. Arunachalam	Member	3
Mr. N.V. Ravi	Member	4
Mr S.S. Rajsekar*	Member	0
Mr R. Surendran #	Member	1

* Mr S.S. Rajsekar resigned from the Board on 28th October, 2015

Mr R. Surendran appointed as Member of the Committee on 25th January, 2016

b. Stakeholders Relationship Committee

Pursuant to Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations, the Company has constituted a Stakeholders Relationship Committee with Mr. M.A.M. Arunachalam (DIN: 00202958), Director as the Chairman. The Stakeholders Relationship Committee of the Board looks into the redressal of the investors' complaints like non receipt of annual reports, dividend payments, change or deletion of name, issue of duplicate share certificates, dematerialization, rematerialisation, transfer, transmission, transposition, sub-division, consolidation and other allied transactions. The Board has also delegated to certain executives of the Company, powers to accomplish aforesaid objectives. The Committee also looks into all the communications received from the shareholders and complaints received from the stock exchanges.

Composition & Meetings

a) Four Committee meetings were held during the financial year 2015-2016. The dates on which the said meetings were held are 28th April, 2015, 24th July, 2015, 28th October, 2015 and 25th January, 2016.

b) The composition of Stakeholders Relationship Committee and particulars of meetings attended by the members of the Committee are given below:

Name of the Member	Chairman/ Member	No. of Meetings attended
Mr. M.A.M. Arunachalam	Chairman	4
Mr. S.S. Rajsekar #	Member	0
Mr. N.V. Ravi *	Member	1
Ms. G. Jalaja *	Member	3
Mr. R. Surendran**	Member	1

#Mr. S.S. Rajsekar had resigned from the Board of Directors with effect from 28.10.2015

*Ms. G. Jalaja was inducted as a Member of the Committee on 28.04.2015 in the place of Mr. N.V. Ravi

** Mr. R. Surendran Inducted into the Committee on 25th January, 2016.

☞ Mr. R. Narayanan, Company Secretary is the Compliance Officer of the Company.

☞ Details of number of complaints received during the year and Status of Investor Complaints as on March 31, 2016 and reported to BSE Ltd. under Clause 41 of the Listing agreement & Regulation 13 of the Listing Regulations are as follows:

Complaints' as on April 1, 2015	Nil
Received during the year	Nil
Resolved during the year	NA
Pending as on March 31, 2016	Nil

c. Nomination and Remuneration Committee

Nomination and Remuneration Committee was constituted pursuant to Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations for identifying the persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.

The Nomination and Remuneration Committee has framed the criteria for determining qualifications, positive attributes and independence of a director and recommended to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

Terms of reference

- ☞ Formulate the criteria for appointment of directors / Senior Management including determining qualifications, positive attributes and independence of directors
- ☞ Recommend to the Board their appointment including re-appointment and removal
- ☞ Devise a policy on Board diversity
- ☞ Identification of persons who are qualified to become directors

- ☞ Identification of persons who may be appointed in senior management
- ☞ Formulation of criteria for evaluation of independent directors and Board and to carry out evaluation of every director's performance.
- ☞ Recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- ☞ Recommend the remuneration package of the executive directors at the time of initial appointment
- ☞ Determine the increments in the remuneration of executive directors
- ☞ Determine the annual incentive of the executive directors
- ☞ Determine the minimum remuneration of executive directors in the event of inadequacy of profits
- ☞ Recommend to the Board, the remuneration including commission payable to non-executive directors subject to the limits laid down in the Act
- ☞ Exercise all powers and authority as is necessary for implementation, administration and superintendence of the Employees Stock Option Schemes , if applicable
- ☞ Shall frame suitable policies and systems to ensure that there is no violation of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003 by any employee.
- ☞ any other terms of reference as may be required by the Committee to exercise pursuant to any law or changes thereof.

Composition & Meetings

- a. Three Committee meetings were held during the financial year 2015-2016. The dates on which the said meetings were held are as follows: 28th April, 2015, 24th July, 2015 & 25th January, 2016.

- b. The composition of Nomination and Remuneration Committee and particulars of meetings attended by the members of the Committee are given below:

Name of the Member	Chairman/ Member	No. of Meetings attended
Mr. N.V. Ravi	Chairman	3
Mr. M.M. Venkatachalam	Member	3
Mr. P. Nagarajan*	Member	3

* Mr. P Nagarajan inducted in to the Committee w.e.f. 28.04.2015

Criteria for Performance Evaluation

Section 178 read with Clause VII (3 a & b) & Clause VIII of Schedule IV of the Companies Act, 2013 lays down specific requirements on performance evaluation of Board/ Chairperson/Independent Directors. As per Part D of Schedule II of Listing Regulations, the Nomination and Remuneration Committee has to lay down the criteria for the above. The Committee had discussed in detail about the criteria to be adopted and process/format to be followed for evaluation of performance of Board/ Committees and Directors. Based on the same, the evaluation process was completed for the year.

Parameters adopted as criteria for evaluation were as follows:

- i) Attendance ii) Preparedness for the Meeting
iii) Staying updated on developments iv) Active participation at the meetings v) Constructive contribution vi) Engaging with and challenging the management team without being confrontational or obstructionist vii) Speaking one's mind and being objective viii) Protection of interest of all stakeholders

Performance Evaluation

Pursuant to the Companies Act, 2013 and the Listing Regulations, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment and safeguarding the interest of the Company. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

Remuneration Policy

The Board through the Nomination and Remuneration Committee adopted a Remuneration policy pursuant to Section 178 of the Companies Act, 2013. This Remuneration Policy provides the framework for remuneration of members of the Board of Directors, Key Managerial Personnel and other employees of the Company.

In terms of the Shareholder's approval obtained at the 60th Annual General Meeting held on 31st July 2008, the commission was payable for a period of five financial years ending on 31st March 2012, not exceeding 1% per annum of the net profits of the Company (computed in accordance with the provisions of Sections 349 and 350 of the erstwhile Companies Act, 1956). Subsequently, due to financial situation of the Company, the Board did not seek the Shareholder's approval for payment of Commission for Non Executive Directors.

The Non-Executive Directors are entitled for sitting fees as per the Articles of Association of the Company for every Board / Committee meeting attended by them.

Remuneration for the year

The Board of Directors at their meeting held on 25th January, 2012 renounced their right to receive sitting fees for Board as well as Committee meetings being attended by them effective from 25.01.2012. In view of the improvement in financial situation and also due to the time and efforts being put in by the Directors, it was proposed that payment of sitting fees to the Directors for attending the Board / Committee Meetings be resumed. In accordance with Article 96 of the Articles of Association of the Company, payment of sitting fees of ₹ 10,000/- for attending each meeting of the Board/Committee was approved with effect from 01st July, 2015.

The Company's total compensation for Key Managerial Personnel/other employees consists of:

- ☞ fixed compensation
- ☞ variable compensation in the form of annual incentive
- ☞ benefits
- ☞ work related facilities and perquisites

The remuneration policy applicable to the members of the Board and Key Managerial personnel/ Other employees is available in the Company's website http://www.coromandelengg.com/Inv_policies.html.

d. Risk Management Committee

Risk Management Committee was constituted in pursuance of erstwhile Clause 49 of the Listing Agreement, comprising of certain members of the Board of Directors and Senior Executives of the Company.

Purpose and Object

The company shall lay down procedures to inform Board members about the risk assessment and minimization procedures. The Board shall be responsible for framing, implementing and monitoring the risk management plan for the company and may delegate monitoring and reviewing of the risk management plan to the committee and such other functions as it may deem fit.

Composition & Meetings

- a) One Committee meeting was held on 22nd March, 2016.
- b) The composition of Risk Management Committee and particulars of the meeting attended by the members of the Committee are given below:

Name of the Member	Chairman/Member	No. of Meetings attended during the year 2015-16
Mr. P. Nagarajan	Chairman	1
Mr. M.M. Venkatachalam	Member	1

Name of the Member	Chairman/Member	No. of Meetings attended during the year 2015-16
Mr. N.V. Ravi	Member	1
Mr T S Venkatram*	Head Operations – Member	-
Mr. N Velappan	Associate Vice President & Manager-Member	1

* Mr T S Venkatram resigned from services on 30.09.2015

e. Corporate Social Responsibility Committee

Corporate Social Responsibility Committee was constituted as per the requirements of Companies Act, 2013. The Committee formulated a CSR Policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.

Composition & Meetings

During the year, One Committee meeting was held on 22nd March, 2016. The composition of Corporate Social Responsibility Committee and particulars of the meeting attended by the members of the Committee are given below:

Name of the Member	Chairman/Member	No. of Meetings attended
Mr. S.S. Rajsekar*	Chairman	-
Mr. M.A.M. Arunachalam	Member	1
Mr. N.V. Ravi**	Member	-
Ms. G. Jalaja**	Member	1
Mr. R. Surendran ***	Chairman	1

*Mr. S.S. Rajsekar resigned from the Board of Directors on 28th October 2015

** Ms. G. Jalaja inducted into the Committee w.e.f. 28th April, 2015 in the place of Mr. N.V. Ravi

***Mr. R. Surendran was inducted in to the Committee on 22nd March, 2016

In view of the losses incurred by the Company in two of the three previous financial years, the requirement on spending under the Corporate Social Responsibility Policy as per Section 135 of the Companies Act, 2013 is not applicable to the Company.

MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the Company had met during the year on 22nd March, 2016 to review the performance of non-Independent Directors and the Board as a whole, review the performance of the Chairperson of the Company and had assessed the quality, quantity and timeliness of flow of information between the company management and the Board.

The Company had also during the year, conducted familiarization programme for Independent Directors of the Company. This was done through regular presentation to the Directors and also

discussions with management team. Any fresh induction into the Board of Directors is followed up with detailed briefing on the background of the Company, industry segments where the Company is present and other business details. The details of the familiarisation programme is uploaded in the website of the Company, http://www.coromandelengg.com/Inv_policies.html.

Details of shareholding of Directors as on 31st March 2016

As on 31st March 2016, the company had three non-executive directors and three non-executive Independent directors. Among the non-executive directors, Mr. M.M. Venkatachalam (DIN: 00152619) holds 451610 equity shares of ₹ 10/- each and Mr. M A M Arunachalam (DIN: 00202958) holds 361610 equity shares of ₹ 10/- each in the company. The Company has not issued any convertible instruments. Other Director do not hold any share in the Company.

4. General body Meetings

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

Annual General Meeting (AGM):

For the year ended 31st March	Venue	Day and Date	Time
2015	Narada Gana Sabha Trust, Mini Hall, No.314, TTK Road, Chennai – 600018	Wednesday 24.07.2015	10.00 A.M
2014	Narada Gana Sabha Trust, Mini Hall, No.314, TTK Road, Chennai – 600018	Wednesday 30.07.2014	10.00 A.M
2013	Rectangular Hall, “Dare House”, 2 NSC Bose Road, Chennai- 600 001	Thursday, 25.07.2013	2.30 P.M

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

Date of AGM	Whether any Special Resolution was passed	Particulars
24.07.2015	No	No special Resolution had been passed
30.07.2014	Yes	Appointment of Mr. A. Suryanarayan as Manager of the Company
25.07.2013	No	No Special Resolution had been passed

Postal Ballot:

No special resolution was passed through postal ballot during the last financial year.

There is no immediate proposal for passing any special resolution through postal ballot.

- **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 and a certificate to this effect, signed by Mr. N Velappan, Associate Vice President and Manager forms part of this report.

- **CEO and CFO Certification**

In terms of Regulation 17(8) of the Listing Regulations, the Associate Vice president and Chief Financial Officer have given the annual certification on financial reporting and internal controls to the Board.

The Associate Vice President and Chief Financial Officer have also given quarterly certification on financial results, while placing the financial results before the Board, in terms of clause 41 of the Listing Agreement/ Listing Regulations. Accordingly, they have certified to the Board, inter alia, the accuracy of financial statements and adequacy of internal controls for the financial reporting purpose, for the year ended March 31, 2016.

- **Prevention of Insider Trading**

The Company has framed a code of conduct for prevention of insider trading based on SEBI (Insider Trading) Regulations, 2015. This code is applicable to all Directors / officers / designated employees. The code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the trading window is closed. All the Directors and Senior Management Personnel have confirmed compliance with the code.

Vigil Mechanism / Whistle Blower Policy

The Company has adopted the whistle blower mechanism, a mandatory requirement of the Listing Regulations and the Companies Act, 2013 with the objective to provide employees, customers and vendors, an avenue to raise concerns, in line with the Company's commitment to the highest possible standards of ethical, moral and legal conduct of business, its commitment to open communication and to provide necessary safeguards for protection of employees from reprisals or victimization of whistle blowing in good faith. The Audit Committee reviews periodically the functioning of whistle blower mechanism. The policy also lays down the process to be followed for dealing with complaints and in exceptional cases, also provides for direct appeal to the Chairman of the Audit Committee. The details of establishment of such mechanism are disclosed by the Company on its website and in the Board's Report. It is hereby affirmed that no person has been denied access to the Audit Committee.

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

- **Disclosures**

Related Party Transactions

All transactions entered into with the Related Parties as defined under the Companies Act, 2013 and the Listing Regulations during the financial year were in the ordinary course of business and on an arm's length pricing basis. There were no materially significant related party transactions with Directors/ promoters/ management, which had potential conflict with the interests of the Company at large.

Periodical disclosures from Senior Management relating to all material, financial and commercial transactions, where they had or were deemed to have had personal interests, that might have a potential conflict with the interest of the Company at large, are placed before the Board. The Company has also formulated a policy on dealing with the Related Party Transactions and necessary approval of the audit committee and Board of directors were taken wherever required in accordance with the Policy. The details of such policies for dealing with

Related Parties and the Related Party Transactions are disseminated in the website of the Company (http://www.coromandelengg.com/Inv_policies.html)

Transactions with the related parties are disclosed in Note No 26 to the financial statements in the Annual Report.

Statutory Compliances, Penalties and Strictures

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

Commodity price risk or foreign exchange risks and hedging activities

The Company is not exposed to any material commodity price or foreign exchange risks and no hedging activity is considered necessary to mitigate the said risks. Price escalation risk in materials used in ordinary course of business like Cement/ Steel etc. is mitigated through agreement with clients while signing the contracts.

• Compliance with Corporate Governance Norms

The Company has complied with the mandatory requirements of the Code of Corporate Governance as stipulated in the Listing Regulations. The Company

has submitted the compliance reports in the prescribed format to the stock exchanges for every quarter during the year ended 31st March, 2016. The certificate of compliance with the conditions of corporate governance as stipulated in Regulation 34(3) of the Listing Regulations forms part of the Annual Report.

The other non-mandatory requirements of the Listing Regulations to certain extent have been adopted by the Company.

• Means of Communication

The quarterly unaudited financial results and major announcements like notice of Board Meetings, Book Closure etc. are normally published in daily newspapers viz., Business Standard (English) and Makkal Kural (Tamil). The annual audited financial results are published in Business Standard (English) and Makkal Kural (Tamil).

The company's website address is: www.coromandelengg.com. The website contains basic information about the company and such other details as required under the listing regulations. The company ensures periodical updation of its website. The company has designated the email-id cecinvestorservices@cec.murugappa.com to enable the shareholders to register their grievances.

The Disclosures of the compliance with Corporate Governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 are as follows:

Regulation	Particulars of Regulation	Compliance Status (Yes/No/NA)
17	Board of Directors	Yes
18	Audit Committee	Yes
19	Nomination and Remuneration Committee	Yes
20	Stakeholders Relationship Committee	Yes
21	Risk Management Committee	NA
22	Vigil Mechanism	Yes
23	Related Party Transactions	Yes
24	Corporate Governance Requirements with respect to subsidiaries of listed entity	NA

Regulation	Particulars of Regulation	Compliance Status (Yes/No/NA)
25	Obligations with respect to Independent Directors	Yes
26	Obligations with respect to Directors and Senior Management Personnel	Yes
27	Other Corporate Governance Requirements	Yes
47 (2) (b) to (i)	Disclosures on website	Yes

- **Management Discussion and Analysis Report**

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

- **General Shareholder Information**

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

On behalf of the Board

M. M. VENKATACHALAM
(DIN: 00152619)
Chairman

Place: Chennai
Date : 25th April 2016

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

Corporate Identification No. : L74910TN1947PLC000343
Nominal Capital : ₹ 65,00,00,000/-

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

We have examined all relevant records of **M/s. Coromandel Engineering Company Limited**, having its Registered Office at Parry House, 3rd Floor, 43, Moore Street, Parris, Chennai – 600 001, for the purpose of certifying compliance of the conditions of Corporate Governance under Clause 49 of the Listing Agreement till 30th November, 2015 and Part C of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 made applicable with effect from 1st December, 2015 for the financial year ended March 31, 2016. 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 regarding the conditions of Corporate Governance as stipulated under the Clause 49 of the Listing Agreement till 30th November, 2015 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from 1st December, 2015 for the financial year ended 31st March, 2016.

For R Sridharan & Associates
Company Secretaries

Place: Chennai
Date : 25th April, 2016

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**

Sirs

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 2016, as envisaged in Schedule V to the Listing Regulations.

Place: Chennai
Date: 25th April 2016

N. VELAPPAN
ASSOCIATE VICE PRESIDENT & MANAGER

GENERAL SHAREHOLDER INFORMATION

Registered Office

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

Corporate Identification Number

L74910TN1947PLC000343

Annual General Meeting

Day : Friday
Date : 22nd July, 2016
Venue : “Mini Hall” Narada Gana Sabha Trust
No.314, TTK Road, Chennai 600 018

Financial year: 1st April 2015 to 31st March 2016

Date of Book Closure

Friday, the 15th day of July, 2016 to Friday, the 22nd day of July, 2016 (Both days inclusive)

Listing on Stock Exchange -

BSE Limited™
Phiroze Jeejeebhoy Towers, Dalal Street, Fort
Mumbai – 400 001

Listing fees for the year 2016-2017 had been paid to the BSE Limited.

Stock Code

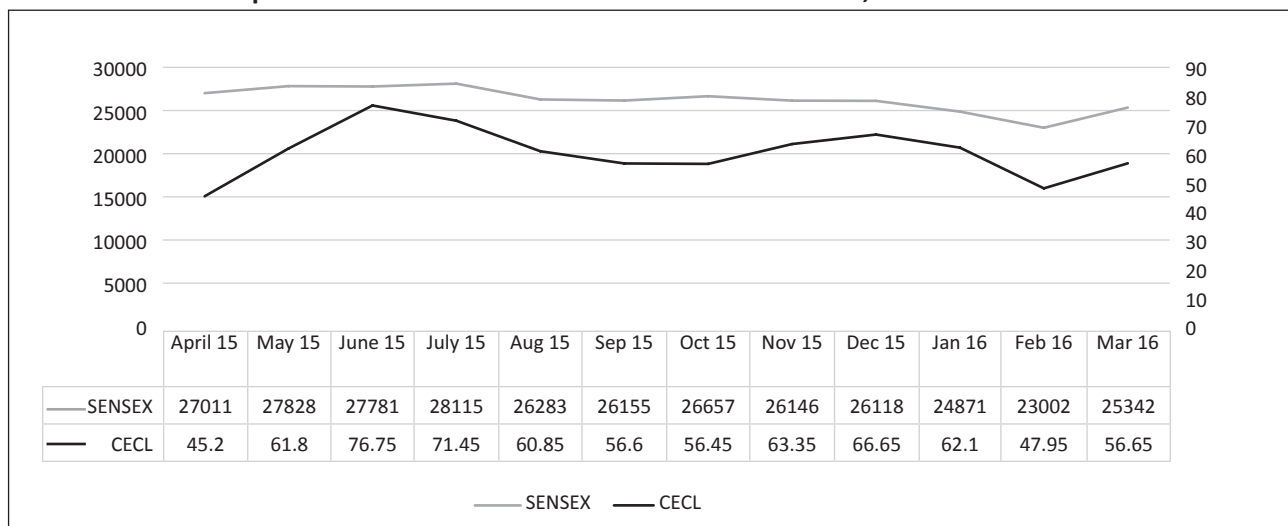
Name of the Stock Exchange / Depository	Code / ISIN / Symbol
BSE Ltd.	533167
Depository ISIN No. NSDL & CDSL	INE312J01012

Market Price Data:

The monthly high and low market price data and volume of shares traded in BSE from 1st April, 2015 up to 31st March, 2016 are as follows:

Month	High ₹	Low ₹	No. of Shares
Apr 2015	51.90	33.35	5,90,429
May 2015	72.70	41.55	32,93,473
Jun 2015	79.70	50.10	19,67,841
Jul 2015	90.70	68.50	26,50,032
Aug 2015	79.20	55.00	10,08,235
Sep 2015	62.50	54.15	4,68,051
Oct 2015	69.80	55.00	5,00,155
Nov 2015	64.00	50.00	2,51,488
Dec 2015	68.80	56.50	5,85,154
Jan 2016	73.30	50.75	5,87,483
Feb 2016	64.50	42.00	3,31,024
Mar 2016	63.00	48.25	3,06,949

Performance in comparison to broad-based indices such as BSE Sensex, CRISIL index etc.



Registrar and Share Transfer Agents:

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

Karvy Computershare Private Limited

Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District Nanakramguda, Hyderabad – 500 032

Tel : 91-40-23420815 to 23420824 Toll Free No.1-800-3454001

Fax : +91-40 23420814

Email : einward.ris@karvy.com Website: www.karvy.com

Share Transfer and Investors Service System

The Stakeholders Relationship Committee, approves transfers / transmission / transposition, sub-division and consolidation etc.

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

Shareholding pattern as on 31.03.2016

Category	No. of Shareholders	No. of Shares	% of Shareholding
PROMOTER COMPANIES	20	21092874	63.47
RESIDENT INDIVIDUALS	4001	6860324	20.64
PROMOTERS	29	2176667	6.55
BODY CORPORATES	127	755146	2.27
DIRECTORS	3	929650	2.80
H U F	212	755120	2.27
DIRECTORS AND RELATIVES	11	597546	1.80
NON RESIDENT INDIANS	20	18589	0.06
CLEARING MEMBERS	6	3692	0.01
TRUSTS	1	4800	0.01
NBFC	2	39190	0.12
TOTAL	4432	33233598	100.00

Distribution of shareholding as on 31.03.2016

Category	No. of shareholders	% to total No.	No. of Shares	% of holding	
1	5000	3283	74.07	404115	1.22
5001	10000	397	8.96	339156	1.02
10001	20000	249	5.62	381047	1.15
20001	30000	101	2.28	256317	0.77
30001	40000	53	1.20	189116	0.57
40001	50000	67	1.51	319738	0.96
50001	100000	121	2.73	898441	2.70
Greater than 100000	161	3.63	30445668	91.61	
TOTAL	4432	100.00	33233598	100.00	

	No. of Shareholders	% to total No.	No. of Shares	% of holding
Shareholders in				
Physical Mode:	935	21.10	80081	0.24
Electronic Mode :				
NSDL	2010	45.35	22599244	68.00
CDSL	1487	33.55	10554273	31.76
TOTAL	4432	100.00	33233598	100.00

Dematerialization

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

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

Nil

Address for Correspondence	For all matters relating to Investor Relations
For any shareholders assistance the Company Secretary can be contacted at the following address: Coromandel Engineering Company Ltd. Parry House, 3rd Floor, No.43 Moore Street, Chennai 600001 Phone: 044 - 25341513 E-Mail:coromandelengg@cec.murugappa.com	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District Nanakramguda, Hyderabad – 500 032 Tel : 91-40-23420815 to 23420824 Toll Free No.1-800-3454001 Fax : +91-40 23420814 Email : einward.ris@karvy.com Website: www.karvy.com

Reconciliation of share capital Audit:

A qualified Practicing Company Secretary, Mr. R.Sridharan of M/s. R. Sridharan & Associates, Company Secretaries, Chennai, carried out reconciliation of share capital audit every quarter to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued capital. The audit confirms that the total issued / paid- up capital is in agreement with the aggregate total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

Details of Shares held by Non – Executive Directors as on 31.03.2016:

SL No	Name of the Director	No. of Shares Held
1.	Mr. M.M. Venkatachalam	451610
2.	Mr. M.A.M. Arunachalam	361610
3.	Mr. N.V.Ravi	Nil
4.	Mr. P. Nagarajan	Nil
5.	Ms. G. Jalaja	Nil
6.	Mr. R. Surendran	Nil

Nomination Facility

The Shareholders may avail themselves of the nomination facility under section 72 of the Companies Act, 2013. The nomination form (Form SH.13) along with instruction, will be provided to the members on request. In case the members wish to avail of this facility, they are requested to write to the Company's Registrars, M/s. Karvy Computershare Private Limited.

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

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Coromandel Engineering Company Limited
"PARRY HOUSE" 3rd Floor
43, Moore Street,
Chennai - 600 001

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Coromandel Engineering Company Limited [Corporate Identification Number: L74910TN1947PLC000343] (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under and the Companies Act, 1956 to the extent applicable;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

- (iv) The Company has not dealt with the matters relating to Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings under FEMA and hence, the requirement of complying with the provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made there under does not arise;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 2015;
 - c) The Company has not issued any securities during the year under review and hence the requirement of compliance of the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 does not arise;
 - d) The Company has not formulated any scheme of ESOS/ESPS and hence the requirement of compliance of the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2013 does not arise;
 - e) The Company has not issued any debentures during the period under review, and hence the requirement of compliance of the provisions of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 does not arise;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

- g) The Company has not delisted its Securities from the Stock Exchange in which it is listed during the period under review, hence the requirement of complying with the provisions of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 does not arise; and
- h) The Company has not bought back any Securities during the period under review, hence the requirement of compliance with the provision of the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 does not arise;
- (vi) We have reviewed the systems and mechanisms established by the Company for ensuring compliances under the other applicable Acts, Rules, Regulations and Guidelines prescribed under various laws which are applicable to the Company and categorized under the following major heads/groups:
1. Labour laws and other incidental laws related to labour and employees appointed by the Company including those on contractual basis as relating to wages, gratuity, prevention of sexual harassment, dispute resolution, welfare, provident fund, insurance, compensation etc.;
 2. Acts relating to consumer protection including the Competition Act, 2002;
 3. Acts and Rules prescribed under prevention and control of pollution;
 4. Acts and Rules relating to Environmental protection and energy conservation;
 5. Acts and Rules relating to hazardous substances and chemicals;
 6. Acts and Rules relating to Electricity, fire, gas cylinders, Weights & Measures, etc.;
 7. Other local laws as applicable to various sites and offices.

With respect to Fiscal laws such as Income Tax, Professional Tax, Central Sales Tax &

Local Sales Tax, etc., based on the information and explanation provided to us by the management and officers of the Company and also certificates placed before the Board of Directors, we report that adequate systems are in place to monitor and ensure compliance of fiscal laws as mentioned above.

We have also examined compliance with the applicable clauses / regulations of the following:

- (i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India applicable with effect from 1st July, 2015.
- (ii) The Listing Agreement entered into by the Company with BSE Limited and the Uniform Listing Agreement entered with the said stock exchange pursuant to the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (applicable with effect from 1st December, 2015).

During the period under review, the Company has complied with the provisions of the Act, Rules, applicable Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors before schedule of the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Based on the verification of the records and minutes, the decisions were carried out with the consent of majority of the Board of Directors /

Committee Members and there were no dissenting members views recorded in the minutes. Further, in the minutes of the General Meeting, the members who voted against the resolution(s) have been recorded.

We further report that based on review of compliance mechanism established by the Company and on the basis of the Compliance certificate(s) issued by the Company Secretary and taken on record by the Board of Directors at their meeting(s), we are of the opinion that the management has adequate systems and processes commensurate with its size and operations, to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines.

We further report that there were no specific events having major bearing on the Company's affairs in pursuance of above referred laws, rules, regulations, guidelines and standards during the period under review.

For R.SRIDHARAN & ASSOCIATES
COMPANY SECRETARIES

PLACE : CHENNAI
DATE : APRIL 25, 2016

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COROMANDEL ENGINEERING COMPANY LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Coromandel Engineering Company Limited ("the Company") which comprise the Balance Sheet as at 31st March 2016, the statement of Profit and Loss, Cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the

Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

INDEPENDENT AUDITOR'S Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") is enclosed in Annexure A.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st

March, 2016, and its profit and cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by Section 143 (3) of the Act, we report that:

- a. We have sought and 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 it appears from our examination of those books.
- c. The Balance Sheet, Statement of Profit & Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of written representations received from the directors, as on 31st March, 2016 taken on record by the Board of Directors,

none of the directors is disqualified as on 31st March, 2016, from being appointed as a director in terms of Section 164 (2) of the Act.

- f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note No. 26 to the financial statements.
 - (ii) The company has made provision as required under any law or accounting standards for material foreseeable losses, if any, on long term contracts.
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the investor education and protection fund by the company.
- g. As required by the Companies (Auditor's Report) order, 2016, issued by the Central Government of India in terms of subsection (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 & 4 of the Order.

Place: Chennai
Date: 25.04.2016

For SUNDARAM & SRINIVASAN
Chartered Accountants
Regn.No.004207S
M. PADHMANABHAN
Partner
Membership No.F13291

ANNEXURE A

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF COROMANDEL ENGINEERING COMPANY LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of

Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Coromandel Engineering Company Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on, the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of

internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the

company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in

conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For SUNDARAM AND SRINIVASAN
Chartered Accountants
(Firm's Registration No.004207S)

Place : Chennai
Date : 25.04.2016

(M PADHMANABHAN)
Partner
Membership No. F13291

ANNEXURE B

ANNEXURE TO THE AUDITOR'S 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 at reasonable intervals. Certain discrepancies which were noticed on such verification have been properly dealt with in the books of account.
- (c) There are no immovable properties held by the company.
- (ii) The inventory has been physically verified by the management at reasonable intervals. 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 any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the company has not given any loans, guarantees and securities and has not made any investments.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has vide notification dated 3rd June 2011 prescribed maintenance of cost records by various classes of companies. We have broadly reviewed books of accounts maintained by the company pursuant to the rules made by the Central Government for the maintenance of the cost records under Section 148 of the Companies Act, 2013 and are of the opinion, prima facie, the prescribed accounts

and records have been made and maintained.

- (vii) (a) According to the records, information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, VAT, cess and other statutory dues applicable to it and no undisputed amounts payable were outstanding as on 31st March, 2016 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 VAT dues with the authorities concerned.

NAME OF THE STATUTORY DUES	FORUM WHERE DISPUTE IS PENDING	DISPUTED AMOUNT (₹ in lakhs)
Andhra Pradesh VAT	The Appellate Deputy Commissioner (CT) 2006-07 & 2007-08 (₹ 20.49 lakhs deposited)	43.32
VAT TN	AO passed based on audit disallowances (2006-07 to 2014-15). Stay granted by Madras High court. Includes penalty of ₹ 400.38 Lakhs.	1109.66

- (viii) The company has not defaulted in repayment of loans or borrowing to a financial institution, bank and Government. The company has not issued any debentures.
- (ix) The company had not raised moneys either by way of initial public offer or further public offer (including debt instruments) and term loans

were applied for the purposes for which those are raised.

- (x) According to the information and explanations given to us by the management and based on audit procedures performed, no fraud by the company or any fraud on the company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) Managerial remuneration has been provided in accordance with the requisite approvals mandated by section 197 read with schedule V to the Companies Act.
- (xii) The company is not a Nidhi company.
- (xiii) All transactions with the related parties are in compliance with sections 177 and 188 of

Companies Act 2013 where applicable and the details have been disclosed in the financial statements as required by the applicable accounting standards.

- (xiv) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) The company has not entered into any non cash transactions with directors or persons connected with them.
- (xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

Place : Chennai
Date : 25.04.2016

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

(M PADHMANABHAN)
Partner
Membership No. F13291

COROMANDEL ENGINEERING COMPANY LIMITED
BALANCE SHEET AS AT MARCH 31, 2016

(₹ in lakhs)

Particulars	Note	As at March 31, 2016		As at March 31, 2015	
I EQUITY AND LIABILITIES					
(1) Shareholders' Funds					
(a) Share Capital	1	4,023.36		4,023.36	
(b) Reserves and Surplus	2	424.25	4,447.61	383.88	4,407.24
(2) Non Current Liabilities					
(a) Long Term Borrowings		-		-	
(b) Long Term Provisions	3	25.18	25.18	40.28	40.28
(3) Current Liabilities					
(a) Short Term Borrowings	4	2,502.72		3,774.47	
(b) Trade Payables	5	2,017.76		2,939.69	
(c) Other Current Liabilities	6	1,847.84		9,168.25	
(d) Short Term Provisions	7	28.06	6,396.38	293.37	16,175.78
Total			10,869.17		20,623.30
II ASSETS					
(1) Non-Current Assets					
(a) Fixed Assets					
(i) Tangible Assets	8	2,454.12		2,922.04	
(ii) Intangible Assets		1.53	2,455.65	9.39	2,931.43
(b) Non Current Investments	9	5.20		5.20	
(c) Deferred Tax Asset/(Liability) (Net)	10	1,517.85		1,546.42	
(d) Long Term Loans and Advances	11	-		9.17	
(e) Trade Receivables	12	34.07		291.83	
(f) Other Non Current Assets	13	415.00	1,972.12	415.00	2,267.62
(2) Current Assets					
(a) Inventories	14	1,295.97		6,908.24	
(b) Trade receivables	15	2,463.55		4,807.78	
(c) Cash and Cash equivalents	16	160.86		334.74	
(d) Short Term Loans and Advances	17	184.87		384.31	
(e) Other Current Assets	18	2,336.15	6,441.40	2,989.18	15,424.25
Total			10,869.17		20,623.30

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

As per our report of even date
For Sundaram & Srinivasan
Chartered Accountants

On Behalf of the Board

M.PADHMANABHAN
Partner
Membership no.: F13291

M.A.M. ARUNACHALAM
Director

M.M.VENKATACHALAM
Chairman

Chennai
April 25,2016

R. NARAYANAN
Company Secretary

K. RAMAKRISHNAN
Head Finance

COROMANDEL ENGINEERING COMPANY LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lakhs)

Particulars	Note	For the Year ended March 31, 2016		For the year ended March 31, 2015	
I Revenue from Operations	19	12,220.71		23,039.38	
II Other Income	20	178.55		89.70	
III Total Revenue (I + II)			12,399.26		23,129.08
IV Expenses					
(a) Materials consumed and Land cost	21	6,637.82		9,278.24	
(b) Changes in Inventories	22	653.33		1,094.92	
(c) Sub-contracting Expenses		1,732.33		6,260.26	
(d) Employee Benefit Expenses	23	856.94		1,467.35	
(e) Finance Cost	24	719.96		1,669.37	
(f) Depreciation and Amortisation Expenses	8	435.85		488.90	
(g) Other Expenses	25	1,294.09		2,816.09	
(h) Total Expenses			12,330.32		23,075.13
V Profit/(loss) before exceptional and extraordinary items and tax (III-IV)			68.94		53.95
VI Exceptional Items			-		-
VII Profit/(loss) before extraordinary items and tax (V - VI)			68.94		53.95
VIII Extraordinary Items			-		-
IX. Profit/(loss) before tax (VII- VIII)			68.94		53.95
X Tax expense/(gain)					
(1) Current tax			-		0.18
(2) Deferred tax			28.57		(58.64)
XI Profit / (Loss) for the period from continuing operations (IX-X)			40.37		112.41
XII Profit/(loss) from discontinuing operations			-		-
XIII Tax expense of discontinuing operations			-		-
XIV Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)			-		-
XV Profit / (Loss) for the period (XI + XIV)			40.37		112.41
XVI Earnings per equity share (₹)					
(1) Basic			0.12		0.34
(2) Diluted			0.12		0.34

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

As per our report of even date

For Sundaram & Srinivasan
Chartered Accountants

On Behalf of the Board

M.PADHMANABHAN
Partner
Membership no.: F13291

M.A.M. ARUNACHALAM
Director

M.M.VENKATACHALAM
Chairman

Chennai
April 25,2016

R. NARAYANAN
Company Secretary

K. RAMAKRISHNAN
Head Finance

COROMANDEL ENGINEERING COMPANY LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lakhs)

	For the Year ended March 31, 2016		For the Year ended March 31, 2015	
Cash Flow from Operating Activities				
Net Profit/ (Loss) before tax as per Statement of Profit & Loss		68.94		53.95
Adjustments for :				
Depreciation and amortisation expenses	435.85		488.90	
Finance Cost	719.96		1,669.37	
Interest Income	(22.40)		(38.15)	
Dividend Income	(0.61)		(0.56)	
(Profit) / Loss on sale of investment (Net)	0.00		(5.17)	
Provision for doubtful debts/advances	136.78		160.17	
(Profit) / Loss on sale/W.off of assets (Net)	34.27	1,303.85	95.30	2,369.86
Operating Profit before working capital changes		1,372.79		2,423.81
Adjustments for :				
Trade and other Receivables	3,041.08		11,695.23	
Inventories	5,612.27		(2,497.65)	
Trade and other Payables	(8,260.21)	393.14	(5,789.17)	3,408.41
Cash Generated from Operations		1,765.93		5,832.22
Direct Taxes Refund/(Paid)(Net)		183.62		188.02
Net Cash from Operating Activities		1,949.55		6,020.24
Cash Flow from Investing Activities				
Purchase of Fixed Assets	(9.99)		(58.78)	
Sale of Fixed Assets	15.65		21.83	
Sale of investment	-		5.41	
Interest income	22.40		38.15	
Dividend Received	0.61		0.56	
Net Cash from Investing Activities		28.67		7.17
Cash flow from Financing Activities				
Loans repaid (Net)	(1,271.75)		(4,422.35)	
Finance Charges	(719.96)		(1,669.37)	
Net Cash used in Financing Activities		(1,991.71)		(6,091.72)
Net increase/ (decrease) in Cash and Cash Equivalents		(13.49)		(64.31)
Opening balance of Cash and Cash Equivalents		15.07		79.38
Closing balance of Cash and Cash Equivalents		1.58		15.07

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

As per our report of even date
For Sundaram & Srinivasan
Chartered Accountants

On Behalf of the Board

M.PADHMANABHAN
Partner
Membership no.: F13291

M.A.M. ARUNACHALAM
Director

M.M.VENKATACHALAM
Chairman

Chennai
April 25,2016

R. NARAYANAN
Company Secretary

K. RAMAKRISHNAN
Head Finance

NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE 1
SHARE CAPITAL

(₹ in lakhs)

	As at March 31 2016	As at March 31 2015
Authorised		
Equity Shares		
4,00,00,000 (31 March 2015: 4,00,00,000) equity shares of ₹10 each	4,000.00	4,000.00
Preference shares		
25,00,000(31 March 2015:25,00,000) preference shares of ₹100 each	2,500.00	2,500.00
	6,500.00	6,500.00
Issued		
Equity Shares		
3,32,77,278(31 March 2015 : 3,32,77,278) Equity shares of ₹ 10 each #	3,327.73	3,327.73
Preference Shares		
7,00,000(31 March 2015:7,00,000) Preference Shares of ₹ 100 each issued on Preferential basis	700.00	700.00
	4,027.73	4,027.73
Subscribed and Paid Up		
Equity Shares		
3,32,33,598 (31 March 2015 : 3,32,33,598) Equity shares of ₹ 10 each	3,323.36	3,323.36
Preference Shares		
7,00,000(31 March 2015: 7,00,000) Preference Shares of ₹ 100 /- each issued on Preferential basis	700.00	700.00
	4,023.36	4,023.36
# - Issued Equity Share Capital includes 43680 Equity Shares of ₹ 10/- each issued on Rights basis, kept in abeyance due to a pending legal issue		

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

	March 31 2016	March 31 2015
Equity Shares		
At the beginning of the period	3,32,77,278	3,32,77,278
Outstanding at the end of the period	3,32,77,278	3,32,77,278
Preference shares		
At the beginning of the period	700,000	700,000
Outstanding at the end of the period	700,000	700,000

b. Terms/rights attached to equity shares :

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

c. Terms/rights attached to preference shares :

The preference shares are cumulative in nature, carrying fixed dividend of 7% per annum. By virtue of agreement with Preference Shareholder, they have waived their right to dividend due upto 12th November 2014. Dividend not paid for an year will be paid in arrears, in subsequent year, subject to availability of Profits and other statutory requirements.

NOTES FORMING PART OF FINANCIAL STATEMENTS

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

S No	Name of the Shareholder	MARCH 31 2016		MARCH 31 2015	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	Carborundum Universal Limited	3042900	9.16	3042900	9.16
2	Cholamandalam Distribution Services Limited	2500100	7.52	2500100	7.52
3	Dare Investments Limited	2500100	7.52	2500100	7.52
4	Murugappa Holdings Limited	2500100	7.52	2500100	7.52
5	Parry Agro Industries Limited	2500100	7.52	2500100	7.52
6	Parry Infrastructure Company Private Limited	2500100	7.52	2500100	7.52

NOTE 2 RESERVES AND SURPLUS

(₹ in lakhs)

	As at March 31 2016	As at March 31 2015
a) Capital Reserve	7.24	7.24
b) General Reserve		
As Per last Balance Sheet	551.72	551.72
Add : Transfer from Statement of Profit and Loss	-	-
	551.72	551.72
c) Investment Allowance Reserve	77.71	77.71
d) Securities Premium Account	2,440.80	2,440.80
e) Surplus in Statement of Profit and Loss Account		
Balance as per last financial statement	(2,693.59)	(2,764.33)
Add : Net profit/(Loss) after tax for the year	40.37	112.41
Appropriations :		
Less : Transfer to General Reserve	-	-
Less : Adjustment made towards Depreciation as per Companies Act 2013		41.67
Balance available for Appropriation	(2,653.22)	(2,693.59)
	424.25	383.88

NOTE 3 LONG TERM PROVISIONS

(₹ in lakhs)

	As at March 31 2016	As at March 31 2015
Provision for Employee benefits	25.18	40.28
	25.18	40.28

NOTES FORMING PART OF FINANCIAL STATEMENTS**NOTE 4
SHORT TERM BORROWINGS**

(₹ in lakhs)

	As at March 31 2016	As at March 31 2015
Secured		
a) Cash Credit from Banks	1,502.72	1,774.47
b) Working Capital Demand Loan (Secured by First Pari-passu charge on all current assets of the Company including inventory, WIP, Unbilled work, Receivables, other than those of property development division)	800.00	800.00
c) Short term loan from Bank		1,200.00
Unsecured		
d) Short term loan from Bank	200.00	
	2,502.72	3,774.47

**NOTE 5
TRADE PAYABLES**

(₹ in lakhs)

	As at March 31 2016	As at March 31 2015
For Goods and Services		
a) Dues of Micro Enterprises and Small Enterprises (Note 26(5))	20.23	-
b) Dues of Others	1,997.53	2,939.69
	2,017.76	2,939.69

**NOTE 6
OTHER CURRENT LIABILITIES**

(₹ in lakhs)

	As at March 31 2016	As at March 31 2015
a) Advance from customers-PDD	-	2,400.00
b) Mobilisation advances	584.44	889.53
c) Outstanding Liabilities	1,056.99	2,213.27
d) Current maturities of long term borrowings	-	3,300.00
e) Unclaimed Dividends	2.65	3.41
f) Statutory Liabilities	13.34	271.64
g) Other payables	190.42	90.40
	1,847.84	9,168.25

**NOTE 7
SHORT TERM PROVISIONS**

(₹ in lakhs)

	As at March 31 2016	As at March 31 2015
a) Provision for Employee Benefits	2.58	5.35
b) Provision for taxation	25.48	288.02
	28.06	293.37

NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE 8
FIXED ASSETS

Fixed Assets	Gross Block						Accumulated Depreciation				Net Block	
	Balance as at 01.04.2015	Additions during the year	Deletions during the year	Balance as at 31.03.2016	Balance as at 01.04.2015	Depreciation for the year	Adjustment due to change in useful life	On deletions	Balance as at 31.03.2016	Balance as at 31.03.2016	Balance as at 31.03.2015	
a Tangible Assets												
Office Buildings	23.11			23.11	23.11				23.11	-	-	
Plant and Equipment	4,038.60	4.62	130.98	3,912.24	1,161.52	408.75		92.58	1,477.69	2,434.55	2,877.08	
Furniture and Fixtures	29.36		26.41	2.95	28.01	0.17		26.40	1.78	1.17	1.35	
Vehicles	35.18		28.99	6.19	18.10	2.39		18.43	2.06	4.13	17.08	
Office Equipments	64.40	0.95	13.20	52.15	41.42	12.73		12.25	41.90	10.25	22.98	
Computers	118.14	4.42	60.40	62.16	114.59	3.95		60.40	58.14	4.02	3.55	
Total	4,308.79	9.99	259.98	4,058.80	1,386.75	427.99	-	210.06	1,604.68	2,454.12	2,922.04	
b Intangible Assets												
Software & Licensing	63.67		36.99	26.68	54.28	7.86		36.99	25.15	1.53	9.39	
Total	63.67	-	36.99	26.68	54.28	7.86	-	36.99	25.15	1.53	9.39	
Total (a + b)	4,372.46	9.99	296.97	4,085.48	1,441.03	435.85	-	247.05	1,629.83	2,455.65	2,931.43	
Previous Year	4,564.76	58.78	251.08	4,372.46	1,025.75	488.90	60.33	133.95	1,441.03	2,931.43	3,539.01	

(₹ in lakhs)

NOTES FORMING PART OF FINANCIAL STATEMENTS**NOTE 9
NON CURRENT INVESTMENTS**

(₹ in lakhs)

	Face Value	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015	As at March 31, 2015
Shares in companies - Non Trade	₹	Quantity	₹ Lakhs	Quantity	₹ Lakhs
(a) Quoted fully paid up					
Cholamandalam Investments & Finance Co Ltd	10	262	0.20	262	0.20
Sri Vajra Granites Ltd	10	100	0.01	100	0.01
(b) Unquoted fully paid up					
New India Co-operative Bank Ltd	10	50000	5.00	50000	5.00
Consolidated Foundations India Ltd	10	120	0.04	120	0.04
Rock Copco Ltd	10	100	0.02	100	0.02
VM Jog Constructions Pvt Ltd	10	400	0.05	400	0.05
Less : Provision for Diminution in value of Investments			0.12		0.12
			5.20		5.20
Market value - Quoted Investment			1.89		1.54

**NOTE 10
DEFERRED TAX ASSET/(LIABILITY)**

(₹ in lakhs)

	As at March 31 2016	As at March 31 2015
a) Timing Difference		
- Depreciation	(183.81)	(227.02)
- Expenses allowed on payment basis	33.00	49.63
- Provision for doubtful receivables and advances	44.38	51.97
b) Unabsorbed Business losses	1,624.28	1,671.84
	1,517.85	1,546.42

**NOTE 11
LONG TERM LOANS AND ADVANCES****UNSECURED AND CONSIDERED GOOD**

(₹ in lakhs)

	As at March 31 2016	As at March 31 2015
Advances for hire of materials	-	9.17
	-	9.17

NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE 12

TRADE RECEIVABLES

(₹ in lakhs)

	As at March 31 2016	As at March 31 2015
a) Unsecured, considered good	34.07	291.83
b) Doubtful	116.90	110.17
Less: Provision for doubtful receivables	116.90	110.17
	34.07	291.83

NOTE 13

OTHER NON CURRENT ASSETS

(₹ in lakhs)

	As at March 31 2016	As at March 31 2015
Advance for properties (PDD)	415.00	465.00
Less : Provision for doubtful advances	-	50.00
	415.00	415.00

NOTE 14

INVENTORIES

(₹ in lakhs)

	As at March 31 2016	As at March 31 2015
a) Raw Materials at cost	293.14	443.17
b) Land at cost	-	4,522.33
c) Work-in-Progress at cost	903.75	1,065.09
d) Finished Apartments at cost	99.08	877.65
	1,295.97	6,908.24

NOTE 15

TRADE RECEIVABLES

(₹ in lakhs)

	As at March 31 2016	As at March 31 2015
Unsecured - Considered good		
Outstanding for a period exceeding six months from the due date of payment		
(a) Unsecured, considered good	64.52	185.00
Doubtful	19.88	-
Less: Provision for doubtful debts	19.88	
	64.52	185.00
Other Receivables		
(b) Unsecured, considered good	2,399.03	4,622.78
	2,399.03	4,622.78
Total (a + b)	2,463.55	4,807.78

NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE 16

CASH AND CASH EQUIVALENTS

(₹ in lakhs)

	As at March 31 2016	As at March 31 2015
a) Balances with Banks		
Current Accounts	1.02	11.96
Earmarked Accounts - Unclaimed Dividend	2.65	3.41
Margin Money - For Bank Guarantees	156.63	316.26
b) Cash on hand	0.56	3.11
	160.86	334.74

NOTE 17

SHORT TERM LOANS AND ADVANCES

(₹ in lakhs)

	As at March 31 2016	As at March 31 2015
Unsecured and considered good		
a) Loans and Advances to suppliers and subcontractors	145.89	245.91
b) Service Tax	18.98	28.28
c) Others	20.00	110.12
	184.87	384.31

NOTE 18

OTHER CURRENT ASSETS

(₹ in lakhs)

	As at March 31 2016	As at March 31 2015
a) Interest accrued on deposits	1.93	0.21
b) Deposits	117.12	137.58
c) Advance Tax & TDS receivable	650.86	1,097.02
d) Unbilled Contract in progress	1,015.51	1,278.74
e) Others	550.73	475.63
	2,336.15	2,989.18

NOTE 19

REVENUE FROM OPERATIONS

(₹ in lakhs)

	For the year ended March 31 2016	For the year ended March 31 2015
Sale of Services		
a) Proceeds on contract	5,245.23	11,486.62
b) Proceeds on Property development	6,813.17	14,401.61
c) Unbilled contract Revenue/(Converted to billing)	-	(4,462.29)
Other Operating revenues		
d) Service Income	130.47	1,570.27
e) Scrap and Sundry Sales	31.84	43.17
	12,220.71	23,039.38

NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE 20 OTHER INCOME

(₹ in lakhs)

	For the year ended March 31 2016	For the year ended March 31 2015
a) Interest Income	22.40	38.15
b) Interest on Income Tax Refund	41.79	41.47
c) Interest Income - PDD	32.24	-
d) Dividend Income	0.61	0.56
e) Profit on sale of investments	-	5.17
f) Profit on Sale of Fixed Assets	4.13	-
g) Insurance Claim	23.61	-
h) Provision for Doubtful Advances no longer required	50.00	-
i) Miscellaneous receipts	3.77	4.35
	178.55	89.70

NOTE 21 MATERIALS CONSUMED AND LAND COST

(₹ in lakhs)

	For the year ended March 31 2016	For the year ended March 31 2015
a) Opening stock of Raw Materials	4,965.50	1,007.35
b) Add: Purchases	1,965.46	13,236.39
	6,930.96	14,243.74
c) Less: Closing stock of Raw Materials and Land	293.14	4,965.50
	6,637.82	9,278.24

NOTE 22 CHANGES IN INVENTORIES

(₹ in lakhs)

	For the year ended March 31 2016	For the year ended March 31 2015
a) Opening stock of		
Work-in-progress	1,065.09	3,403.24
Finished goods	877.65	
b) Closing stock of		
Work-in-progress	903.75	1,065.09
Finished goods	99.08	877.65
c) Less: Decrease taken to interest expenses	286.58	365.58
(Increase)/ Decrease	653.33	1,094.92

NOTES FORMING PART OF FINANCIAL STATEMENTS**NOTE 23****EMPLOYEE BENEFIT EXPENSES**

(₹ in lakhs)

	For the year ended March 31 2016	For the year ended March 31 2015
a) Salaries, wages and bonus	734.75	1,276.32
b) Contribution to provident and other funds	81.16	90.61
c) Staff welfare expenses	41.03	100.42
	856.94	1,467.35

NOTE 24**FINANCE COST**

(₹ in lakhs)

	For the year ended March 31 2016	For the year ended March 31 2015
a) Interest expenses	635.04	1,438.97
b) Processing fees and others	84.92	230.40
	719.96	1,669.37

NOTE 25**OTHER EXPENSES**

(₹ in lakhs)

	For the year ended March 31 2016	For the year ended March 31 2015
a) Transport & freight	83.65	115.45
b) Power & fuel	84.52	264.67
c) Rent	88.95	119.48
d) Rates and taxes	164.01	294.16
e) Repairs and maintenance		
- Plant and Machinery	15.28	14.60
- Others	14.28	14.91
f) Plant hire charges	191.61	706.22
g) Insurance	42.29	115.50
h) Professional and consultancy charges	96.74	245.75
i) Travelling expenses	60.13	139.79
j) Communication and Postage expenses	44.97	64.55
k) Security & Watchward	58.03	80.74
l) Advertisement, Exhibition and Sales Promotion expenses	25.67	25.77
m) Printing and Stationery	9.12	15.16
n) Loss on sale of Fixed Assets (Net)	1.99	71.70
o) Fixed Assets written off	36.41	23.60
p) Provision for doubtful debts	136.78	110.17
q) Provision for doubtful advances	-	50.00
r) Interest Expenses Property Development	127.34	334.59
s) Payment to Auditors (see Note 26(7))	5.95	5.60
t) Directors Sitting Fees	4.40	-
u) Miscellaneous expenses	1.97	3.68
	1,294.09	2,816.09

NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE 26

1. CORPORATE INFORMATION

Coromandel Engineering Company Limited (CEC) was incorporated as a Public Limited Company in the year 1947 and the shares of the Company are listed in Bombay Stock Exchange(BSE). CEC is in the business of Construction and Property Development.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation of Financial Statements

The financial statements have been prepared under the historical cost convention, on accrual basis and in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) and comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 / Companies Act 1956, as applicable. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.2. Use of estimates

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

2.3. Fixed Assets

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

2.4. Depreciation

Depreciation on Fixed Assets is provided as per revised useful life contained in Schedule II of the Companies Act, 2013.

2.5. Investments

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

2.6. Inventories

Materials at site are valued at cost on Weighted Average Method. Work-in-Progress in respect of contracts till attaining a reasonable progress level and in property development, till significant risks and rewards of ownership are transferred, is valued at cost plus proportionate overheads. Unsold land is valued at cost.

2.7. Revenue Recognition

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

2.8. Contract Revenue /Sales

- i) Revenue in respect of billed and unbilled contracts/property development in progress includes recognised profits based on percentage of completion and retention on bills. Provision for expected losses is made irrespective of percentage of completion.
- ii) Revenue from Property Development activity is recognised when significant risks and rewards of ownership in the land and/or building are transferred to the customers.
- iii) Bill raised for value of work done in respect of completed and ongoing contracts including retention on bill is disclosed as proceeds on contracts.
- iv) Sale of goods and services are recognized when the goods are delivered or services rendered.
- v) Sales are recorded net of trade discounts/ rebates exclusive of VAT.

NOTES FORMING PART OF FINANCIAL STATEMENTS**NOTE 26 Contd...****2.9. Borrowing Costs**

Borrowing costs that are attributable to the acquisition or construction of assets that necessarily takes substantial period of time to get ready for intended use are treated as part of the cost of such assets. Borrowing costs attributable to unsold properties that are under development are inventorised and charged to revenue as and when they are sold. All other borrowing costs are charged to revenue.

2.10. Employee Benefits**a. Short Term**

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

b. Long term**i. Leave encashment**

This is provided for based on the actuarial valuation using the projected unit credit method.

ii. Provident Fund

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

iii. Superannuation

This is defined contribution plan. Fixed contributions to the Superannuation Fund

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

iv. Gratuity

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

2.11. Taxation

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

2.12. Provisions & Contingent Liabilities:

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

NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE 26 Contd...

(₹ in lakhs)

	As at March 31 2016	As at March 31 2015
3 Contingent liability		
3.1) Estimated amount of contracts remaining to be executed on capital account not provided for	NIL	NIL
3.2) a) Guarantees issued by the Company's bankers for which the Company has given counter guarantees. (Net of guarantees for which liability exists in the books of account)	2,675.87	3,649.79
3.2) b) Letter of credits issued by the Company's bankers for which the Company has given counter guarantees	-	382.19
3.3) Estimated liability on account of certain taxes and duties not provided for		
i) Sales tax		
Andhra Pradesh VAT for 2006-07 & 2007-08 (against which ₹ 20.49 Lakhs deposited with the Commercial Tax Officer, Hyderabad)	43.32	43.32
Tamil Nadu-Entry tax for 2012-13 (Entire amount of ₹ 2.99 Lakhs deposited with the Commercial Tax Officer, Ranipet)	2.99	2.99
Odisha VAT Assessment for 2011-12 & 2012-13 (Entry Tax : ₹6.80 Lakhs & VAT - ₹28.13 Lakhs) (Entire amount of ₹34.93 Lakhs deposited with the Commercial Tax Officer, Berhampur)	34.93	34.93
Tamil Nadu VAT - AYs 2006-07 to 2014-15 Assessment order passed based on the VAT Audit Disallowances - ₹709.28 L & Penalty ₹ 400.38 L Stay granted by Madras High Court	1,109.66	-
4 Tender & security deposit in Note 18 includes : (*)		
i) Fixed deposit with a scheduled Bank	1.25	1.25
ii) Kissan Vikas Patra	0.39	0.39
iii) 6 Year NSC VIII issue	3.69	3.69
(*) Held by Commercial Tax & other authorities as Security Deposit		

NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE 26 Contd...

(₹ in lakhs)

		As at March 31 2016	As at March 31 2015
5	(i) Sundry Creditors include:		
	Principal amount dues to Micro, Small and Medium enterprises in respect of suppliers from whom intimation received on their status under MSME Dev Act, 2006	20.23	NIL
6	Income Tax Deducted at source on Interest receipts	0.32	1.55
7	Auditor's Remuneration (included in Note 25)		
	Statutory audit fees	3.25	3.25
	Tax audit fees	1.00	1.00
	Other services	1.25	1.25
	Out of pocket expenses	0.45	0.10
8	Turnover		
	Contract revenue	12,058.40	21,425.94
	Service Income	130.47	1,570.27
	Scrap & sundry sales	31.84	43.17
9	AS-7 disclosure for contracts in progress		
	Contract revenue recognised	11,905.33	21,612.67
	Contract costs incurred	10,376.73	19,282.23
	Advances received	584.44	889.53
	Retention	1,046.49	1,716.21
	Dues from customers	1,587.91	3,493.57

NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE 26 Contd...

(₹ in lakhs)

10.	Employee Benefits as per AS-15 (Revised)	2015-16	2014-15
10.1	Details of Actuarial Valuation of Gratuity		
i)	Changes in Present Value of Benefit Obligation- Gratuity		
1	Present Value of Benefit Obligation at the beginning of the Period	84.52	83.04
2	Current Service Cost	10.13	19.14
3	Interest Cost	6.06	6.44
4	Benefits Paid	(32.15)	(9.44)
5	Actuarial (Gain)/Loss	3.45	(14.66)
6	Present value of Benefits Obligation at the end of the period	72.01	84.52
ii)	Changes in Fair Value of Plan Assets		
1	Fair Value of Plan Assets at the beginning of the Period	89.68	64.60
2	Expected return on Plan Assets	7.58	11.99
3	Contributions		22.53
4	Benefits Paid	(32.15)	(9.44)
5	Actuarial gain/(Loss) on Plan assets	-	-
6	Fair Value of Plan Assets at the end of the period	65.11	89.68
iii)	Amount recognised in the Balance Sheet		
1	Projected Benefit Obligation at the end of the period	72.01	84.52
2	Fair Value of Plan Assets at the end of the period	65.11	89.68
3	Funded Status of the Plan-Liability/(Asset)	6.90	(5.16)
iv)	Amount recognised in the Statement of Profit & Loss		
1	Current Service Cost	10.13	19.14
2	Interest Cost	6.06	6.44
3	Expected return on Plan Assets	(7.58)	(11.99)
4	Net Actuarial (Gain)/Loss recognised in the period	3.45	(14.66)
5	Net Cost	12.06	(1.07)
v)	Principal Actuarial Assumptions		
1	Discount Rate	8%	8%
2	Estimated Rate of Return on Plan Assets	9.00%	9.00%
3	Expected rate of Salary increases	6%	5%
4	Attrition Rate	3%	3%
10.2	Details of Actuarial Assumptions for Leave encashment		
1	Discount Rate	8%	8%
2	Salary Escalation	6%	6%
3	Attrition Rate	3%	3%
10.3	Note on Provident Fund : With respect to the Provident Fund administered by the Trust, the Company shall make good deficiency, if any, between interest to be credited to members as per interest rate notified by Government and the return on investments on the Trust funds for the year. Having regard to assets of the fund and return on investments, the Company does not expect any deficiency in the foreseeable future.		

NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE 26 Contd...

(₹ in lakhs)

	As at March 31 2016	As at March 31 2015
11 Basic/Diluted Earnings Per Share		
- Profit/(loss) attributable to the Equity Shareholders	40.37	112.41
- No. of Adjusted Equity Shares Outstanding during the year (as per AS 20)	33,233,598	33,233,598
- Nominal value of Equity Share (₹)	10	10
- Basic Earnings Per Share (₹)	0.12	0.34
- Diluted Earnings Per share (₹)	0.12	0.34
12 As the Company's business activity falls within a single significant business segment, viz. "Construction", no separate segment reporting as per Accounting Standard 17 is disclosed		
13 Expenditure in Foreign currency	0.14	NIL
14 Related Party		
M/s Parry Enterprises India Ltd		
Key Management Personnel		
Mr. A. Suryanarayan, Business Head		
Mr. N. Velappan, Head Projects		
Mr. K. Ramakrishnan, Head Finance		
Mr. R. Narayanan, Company Secretary		
Payment for services to M/s Parry Enterprises India Ltd	8.25	18.95
Remuneration to Key Management Personnel		
Mr. A. Suryanarayan (Part of the Previous Year)		29.33
Mr. N. Velappan (Part of the Year)	27.54	
Mr. K. Ramakrishnan (Part of the Previous Year)	23.03	15.64
Mr. R. Narayanan	32.61	30.02
15 Previous years figures have been regrouped wherever necessary to conform to current year's grouping.		

On Behalf of the Board

M.A.M. ARUNACHALAM
DirectorM.M.VENKATACHALAM
ChairmanR. NARAYANAN
Company SecretaryK. RAMAKRISHNAN
Head Finance

NOTICE CONVENING THE SIXTY EIGHTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the SIXTY EIGHTH Annual General Meeting of the members of COROMANDEL ENGINEERING COMPANY LIMITED will be held on Friday, the 22nd July, 2016 at 10 a.m. at Narada Gana Sabha Trust, 'Mini Hall' No. 314, TTK Road, Chennai 600018, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report and the Audited Financial Statements of the Company for the financial year ended 31st March, 2016 and the Report of the Auditors thereon.
2. To appoint a Director in the Place of Mr. M.A.M. Arunachalam who retires by rotation and being eligible, offers himself for reappointment.
3. To approve the appointment of Statutory Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the Sixty Ninth Annual General Meeting and to fix their remuneration and in this connection, to consider and if deemed fit, to pass the following resolution as an **Ordinary Resolution**.

"RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the Act), the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and pursuant to the recommendations of the Audit Committee of the Board of Directors, M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai, bearing Firm Registration No. 004207S who have offered themselves for re-appointment and have confirmed their eligibility in terms of the provisions of Section 141 of the Companies Act, 2013 and Rule 4 of Companies (Audit and Auditors) Rules, 2014, be and are hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of Sixty Ninth Annual General Meeting to be held in the year 2017 on a remuneration of ₹ 3,25,000/- (Rupees Three Lakhs Twenty Five Thousand only) plus the applicable taxes and reimbursement of travelling and out of pocket expenses incurred by them".

SPECIAL BUSINESS

4. To consider and if thought fit, to pass, the following resolution as an **Ordinary Resolution**:

RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 and any other applicable and related provisions of the Companies Act, 2013, read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Schedule IV to the Companies Act, 2013 and the provisions of the Listing Regulations, Mr. R. Surendran (DIN: 00010017) who was appointed as an additional director of the Company by the Board of Directors with effect from 25th January, 2016 in terms of Section 161 of the Companies Act, 2013, and whose term of office expires at this Annual General Meeting and in respect of whom the Company has received a notice under Section 160 of the Companies Act, 2013 from a member signifying the intention to propose Mr. R. Surendran (DIN: 00010017) as a candidate for the office of a Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for a period of 5 consecutive years upto 24th January, 2021, not liable to retire by rotation.

5. To consider and if thought fit, to pass, the following resolution as an **Ordinary Resolution**:

RESOLVED THAT pursuant to Section 148 (3) and all other applicable provisions of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of ₹ 90,000/- (Rupees Ninety Thousand only) (exclusive of service tax as may be applicable) and payment of such out of pocket expenses as approved by the Board of Directors of the Company to be paid to

Mr. N.V. Thanigaimani, Cost Accountant (Membership No.15557) for the conduct of the audit of the cost accounting records of the Company for the financial year ended 31st March, 2016 be and is hereby ratified and confirmed.

6. To consider and if thought fit, to pass, the following resolution as an **Ordinary Resolution:**

RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013, the consent of the Company be and is hereby accorded to the appointment of Mr. N Velappan as the “Manager” of the Company for a period of one year effective from 01st May 2016 on the terms and conditions of appointment and remuneration as given under;

Terms & conditions of the appointment

- a) Period of appointment: one year with effect from 01st May 2016

b) Remuneration:

Sl. No	Particulars	Amount
i	Basic/ Monthly	₹ 93,255/- upto 30 th June, 2016 ₹ 1,02,230/- from 01 st July, 2016
ii	Allowances/ Monthly	₹ 1,14,870/- upto 30 th June, 2016 ₹ 1,17,555/- from 01 st July, 2016
iii	LTA	13% of annual Basic
iv	PF/SAF/Gratuity	As per statutory/trust rules/Company Policy
v	Medical Reimbursement & Hospitalisation	₹ 15,000 each per annum
vi	Car maintenance	₹ 15,000 per annum
vii	Variable pay	₹ 5,70,600/- linked to performance
viii	Car fuel	At actual

- c) Tax on the above is to be borne by employee as per statutory requirements.

M.M. VENKATACHALAM

(DIN: 00152619)
Chairman

Place: Chennai
Date: 25.04.2016

NOTES

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and Vote on a poll only instead of Him / Her. The proxy need not be a member of the Company. A blank form of proxy is enclosed herewith and if intended to be used, it should be returned duly completed at the Registered Office of the Company not later than forty eight hours before the scheduled time of the commencement of 68th Annual General Meeting.**
2. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the company carrying voting rights. A member holding more than 10% of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
3. The statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business is annexed herewith.
4. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided not less than three days of notice in writing is given to the Company.
5. Members / proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
6. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
7. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
8. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representatives to attend and vote on their behalf at the Meeting.
9. Additional information pursuant to regulation 36 of the Listing Regulations, viz. brief resume of Directors proposed to be appointed/re-appointed at the AGM, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships/ chairmanships of Board Committees, shareholding and relationships between directors inter-se are provided in the Explanatory Statement forming part of the notice.
10. The Register of Members and the Share Transfer Books of the Company shall remain closed from Friday, 15th July, 2016 to Friday, 22nd July, 2016 (both days inclusive), for the purpose of Annual General Meeting.
11. Members are requested to notify the change in their address, if any, immediately, so that all communications can be sent to the latest address. In case of members holding shares in physical form, all intimations regarding change of address and change of bank account details are to be sent to M/s. Karvy Computershare Pvt. Ltd., Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032. Members, who hold shares in electronic form, are requested to notify any change in their particulars like change in address, bank particulars etc. to their Depository Participants immediately.
12. The Dividend amounts, which remain unclaimed for the year 2008-09 and the subsequent years, can be claimed from the Company. Pursuant to Section 125 of the Companies Act, 2013, the amounts remaining unpaid or unclaimed for a period of seven years, shall be transferred to the Investor Education and Protection Fund (IEPF). No claim shall lie against IEPF or the Company for the amounts so transferred prior to 31st March, 2016, nor shall any payment be made in respect of such claim.
13. Members who have not encashed their dividend warrants for the years 2009-10 and 2010-11

are requested to lodge their claims with the Company.

14. The Securities and Exchange Board of India (SEBI) vide circular ref No. MRD/Dop/CIR 05/2007 dated April 27, 2007 made PAN the sole identification number for all participants transacting in the securities market, irrespective of the amount of such transaction. In continuation of the said circular, it is hereby clarified that for securities market transactions and off-market/private transactions involving transfer of shares in listed companies in physical form, it shall be mandatory for the transferee(s) to furnish a copy of the PAN card to the Company/ RTA for registration of such transfer of shares.
15. Copies of the Annual Report 2016 are being sent by electronic mode only to all the members whose Email IDs are registered with the Company/ Depository Participants for communication purposes unless any member has requested for a hard copy of the same. In the case of members holding shares in physical mode whose Email IDs are registered with the Company/ Registrars M/s. Karvy Computershare Private Limited, and have given consent for receiving communication electronically, copies of the Annual Report 2016 are being sent by electronic mode only. For members who have not registered their Email addresses, physical copies of the Annual Report 2016 are being sent by the permitted mode.
16. The Notice of the 68th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form, is being sent by electronic mode to all the members whose Email addresses are registered with the Company/ Depository Participants unless any member has requested for a hard copy of the same. In the case of members holding shares in physical mode whose Email IDs are registered with the Company/ Registrars M/s. Karvy Computershare Private Limited, and have given consent for receiving communication electronically, the Notice of the 68th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form, is being sent by electronic mode. For members who have not registered their Email addresses, physical copies of the aforesaid documents are being sent by the permitted mode.
17. Members may also note that the Notice of the 68th Annual General Meeting and the Annual Report 2016 will also be available on the Company's website www.coromandelengg.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Chennai for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's Registrars M/s. Karvy Computershare Private Limited at: einward.ris@karvy.com.
18. All documents referred to in the Notice will be available for inspection at the Company's registered office during normal business hours on working days up to the date of the AGM.
19. **Voting through electronic means:**
 - (i) Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the Listing Regulations and Secretarial standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, the Company is pleased to provide to the members the facility to exercise their right to vote at the 68th Annual General Meeting (AGM) by electronic means. The members may cast their votes using an electronic voting system from a place other than the venue of the Meeting ('remote e-voting').
 - (ii) The members attending the Meeting who have not cast their vote by remote e-voting shall be able to vote at the Meeting.
 - (iii) The members who have cast their vote by remote e-voting may also attend the Meeting, but shall not be entitled to cast their vote again.
 - (iv) The Company has engaged the services of Karvy Computershare Private Limited

("Karvy") as the Agency to provide e-voting facility.

- (v) The Board of Directors of the Company has appointed Mr. R Sridharan, Practicing Company Secretary (Membership No. FCS 4775) of R Sridharan & Associates, Company Secretaries as the Scrutinizer to scrutinize the remote e-voting process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for the same purpose.
- (vi) Voting rights shall be reckoned on the paid up value of shares registered in the name of the member / beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. **July 15, 2016**.
- (vii) A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. July 15, 2016 only shall be entitled to avail the facility of remote **e-voting**.
- (viii) Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. July 15, 2016, may obtain the User ID and password in the manner as mentioned below:
 - a) If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of [https:// evoting.karvy.com](https://evoting.karvy.com), the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
 - b) Member may call Karvy's toll free number 1-800-3454-001.
 - c) Member may send an e-mail request to evoting.cecl@karvy.com. If the member is already registered with Karvy e-voting platform, then he can use his existing User ID and password for casting the vote through remote e-voting.
- (ix) The remote e-voting facility will be available during the following period:

Commencement of remote e-voting : From 9.00 a.m. (IST) on July 19, 2016

End of remote e-voting : Up to 5.00 p.m. (IST) on July 21, 2016.

The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by Karvy upon the expiry of the aforesaid period.

- (x) The Scrutinizer, after scrutinising the votes cast at the meeting and through remote e-voting, will, within 48 hours of conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company www.coromandelengg.com and on the website of Karvy <https://evoting.karvy.com>. The results shall simultaneously be communicated to the Stock Exchange.
- (xi) Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the meeting i.e. July 22, 2016.
- (xii) Instructions and other information relating to remote **e-voting**:
 1. A. In case a Member receives an e-mail from Karvy (for Members whose e-mail addresses are registered with the Company/ Depositories):
 - i. Open the internet browser and type the following URL: [https:// evoting.karvy.com](https://evoting.karvy.com)
 - ii. Enter the login credentials (i.e. User ID and password) which will be sent separately. The E-Voting Event Number+Folio No. or DP ID Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote. If required, please visit <https://evoting.karvy.com> or contact toll free number 1-800-3454-001 for your existing password.

- iii. After entering these details appropriately, Click on 'Login'.
 - iv. You will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@#\$,etc). The system will prompt you to change your password and update your contact details like mobile, Email, etc, on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. **It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.**
 - v. You need to login again with the new credentials.
 - vi. On successful login, the system will prompt you to select the E-Voting Event Number for Coromandel Engineering Company Limited.
 - vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under 'FOR/ AGAINST' or alternatively, you may partially enter any number in 'FOR' and partially in 'AGAINST' but the total number in 'FOR/ AGAINST' taken together should not exceed your total shareholding as on the cut off date. You may also choose the option 'ABSTAIN' and the shares held will not be counted under either head.
 - viii. Members holding shares under multiple folios / demat accounts shall choose the voting process separately for each of the folios / demat accounts.
 - ix. Voting has to be done for each item of the Notice separately. In case, you do not desire to cast your vote on any specific item, it will be treated as abstained.
 - x. Cast your vote by selecting an appropriate option and click on 'SUBMIT'. A confirmation box will be displayed. Click 'OK' to confirm else 'CANCEL' to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, members can login any number of times till they have voted on the resolution(s).
 - xi. Corporate/Institutional members (i.e. other than individuals, HUF, NRI, etc.) are also required to send a scanned certified true copy (PDF Format) of the Board Resolution/ Power of Attorney/Authority letter etc. together with attested specimen signature(s) of the duly authorized representative(s) to the Scrutinizer through e-mail at [rsaevoting@ gmail.com](mailto:rsaevoting@gmail.com). They may also upload the same in their e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format 'Corporate Name_EVENT NO.'
- B. In case a Member receives physical copy of the Notice by post (for Members whose email addresses are not registered with the Company/ Depositories)
- a) Initial password – These will be sent separately.
 - b) Please follow all steps from Sl. No. (i) to (x) as mentioned in (A) above, to cast your vote.
2. Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently or cast the vote again.
- In case of any query pertaining to e-voting, please visit help and Frequently Asked Questions (FAQs) section available at Karvy's website: <https://evoting.karvy.com>.

ANNEXURE TO THE NOTICE

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

DETAILS OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT AS REQUIRED UNDER REGULATION 36 OF THE LISTING REGULATIONS: (ITEM NOS. 2 &4)

Item No.2

The Board of Directors (based on the recommendation of Nomination and Remuneration Committee) recommends the re-appointment of Mr. M.A.M. Arunachalam, (DIN: 00202958), Director, who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.

Brief profile of Director

Mr. M.A.M. Arunachalam has done his Bachelors in Commerce and Masters in Business Administration from University of Chicago. He is an Industrialist and has an experience of 28 years in the field of varied industrial activities. He has been on the Board of CECL, since September 1995.

Disclosure of relationships between Directors inter-se

Nil

Names of listed entities (other than CECL) in which Mr. M.A.M. Arunachalam holds directorship and committee membership

Nil

Mr. M.A.M Arunachalam holds 361610 equity shares in the Company

Item No.4

The Board of Directors (based on the recommendation of Nomination and Remuneration Committee) had appointed Mr. R. Surendran (DIN: 00010017) as an Additional Director of the Company w.e.f. 25.01.2016 under Section 161 (1) of the Companies Act, 2013 (Act) and Article 90 of the Articles of Association of the Company and as an Independent Non-Executive Director of the Company under Section 149 of the Act to hold office upto 24th January, 2021. His appointment is subject to the approval of the members. The Company has received a notice in writing under the provisions of Section 160 of the Act, from a member along with a deposit of ₹ 1,00,000/- proposing the

candidature of Mr. R. Surendran (DIN: 00010017) for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Act.

Brief profile of Director

Mr. R. Surendran is a Fellow member of the Institute of Chartered Accountants of India, with more than 30 years of experience in Industry and Practice. He also holds Bachelors degree in Science along with Post Graduate Diploma in Financial Management. He has rich industrial experience, having worked with Murugappa Group for nearly 25 years until 2006. His area of strength includes taxation & secretarial matters.

Mr. R. Surendran does not hold any Equity shares in the Company and is not related to any other Director in the Company

Name of other listed entity (other than CECL) in which Mr. R. Surendran holds Directorship / Committee membership:

Directorship	Committee membership	Chairmanship
KARTIK INVESTMENTS TRUST LIMITED	2	1

The Company has received from Mr. R. Surendran (DIN: 00010017) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Act and the Listing Regulations.

The resolution seeks the approval of members for the appointment of Mr. R. Surendran (DIN: 00010017) as an Independent Director of the Company for a period of 5 years with effect from 25th January, 2016 up to 24th January, 2021, pursuant to Section 149 and other applicable provisions of the Act, and the Rules made there under. He is not liable to retire by rotation.

In the opinion of the Board of Directors, Mr. R. Surendran (DIN: 00010017), the Independent Director proposed to be appointed, fulfills the conditions specified in the Companies Act, 2013, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(b) of SEBI (Listing Obligations

and Disclosure Requirements) Regulations, 2015 and he is independent of the Management. A copy of the draft letter of appointment of Mr. R. Surendran (DIN: 00010017) as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered office of the Company during normal business hours on any working day up to the date of AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Mr. R. Surendran (DIN: 00010017) as an Independent Director.

Except Mr. R. Surendran (DIN: 00010017) being an appointee, none of the other Directors or their relatives or key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise in the resolution set out under item No.4 of the Notice.

The Board recommends the resolution set forth in Item no. 4 of the Notice for the approval of the members.

Item No. 5

In accordance with the provisions of Section 148 of the Companies Act, 2013 (the Act) and the Companies (Audit and Auditors) Rules, 2014 (the Rules), the Company is required to appoint a cost auditor to audit the cost records of Company. On the recommendation of the Audit Committee, the Board has appointed Mr. N.V. Thanigaimani, Cost Accountant (Membership No.15557), as Cost Auditor for the financial year 2015-16 at a remuneration of ₹90,000/- (Rupees Ninety Thousand only) (exclusive of service tax as may be applicable), and reimbursement of out of pocket expenses, if any, in connection with the cost audit. The remuneration of the cost auditor is required to be ratified under the provisions of Section 148 of the Companies Act 2013 and Rule 14 of Companies (Audit and Auditors) Rules, 2014.

None of the Directors or their relatives or key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise in the resolution set out under item No.5 of the Notice.

The Board recommends the resolution set forth in Item no.5 of the Notice for the approval of the members.

Item No. 6

In terms of Section 203 of the Companies Act, 2013 providing for the appointment of whole time key managerial personnel and based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors subject to the approval of the members, appointed Mr. N. Velappan as the Manager and Key Managerial Person of the Company under Section 203 of the Companies Act, 2013 for a period of 1 year with effect from 1st May, 2016 on the terms and conditions as mentioned in the notice under item No.6.

Except Mr. N Velappan, being an appointee, none of the Directors or their relatives or key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise in the resolution set out under item No.6.

The Board recommends the resolution set forth in Item No.6 for the approval of the members.

The information as required under Section II (B) (iv) of Part II of Schedule V of the Companies Act, 2013 is given below:

I. General Information

1. Nature of industry – Construction
2. Date or expected date of commencement of commercial production – Not Applicable
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus - Not Applicable
4. Financial performance based on given indicators

(₹ in Lakhs)

Parameter	2013-2014	2014-2015	2015-16
Gross Income	20033.93	23129.08	12399.26
P B T	(1243.48)	53.95	68.94
P A T	(888.17)	112.41	40.37
Networth	4336.50	4407.24	4447.61
Dividend on Equity	---	---	---

5. Foreign investments or collaborations, if any
- Not applicable

II. Information about the appointee:

1. Background details : Worked in Industry for 33 years occupying several senior positions, as given below.
2. Past remuneration : Appointed with effect from 1st May, 2015 and past remuneration as Manager is given below.
3. Recognition or awards : —
4. Job profile and his suitability

Mr. N.Velappan, aged 54 years, passed his Bachelor of Engineering (Civil) in the year 1983 in first class with distinction from Annamalai University, Chidambaram. His first employment was with Public Works department, Tamil Nadu from June 83 to September 84. He joined Coromandel Engineering as a Graduate Engineer Trainee in September 84 and rose to the level of Associate Vice President in the year 2014. During the 33 years of service, he has worked in Industrial, Commercial, Institutional & Residential Projects.

Mr. Velappan was trained in Construction of Silos and Chimneys using Slipform

5. Remuneration proposed

Technique by M/s Interform, Sweden which was applied in Dalmia Cements and T. V. Tower Construction at Shimoga, Projects. Further Company had selected him and sent to Kansas, USA during November 1995 and trained in Pre - Engineered metal building systems through M/S. Butler Manufacturing Company - Kansas, USA.

Special Projects handled by him for CECL includes Dalmia Cements, TV. Tower Anantapur & Shimoga, Construction of RCC Pylons (Boiler Supporting structures) for APSEB through BHEL, PEB Buildings for Ford & Visteon, Auditorium for Alagappa University and Spare Parts ware house for Daimler. He was on transfer to EID Parry (India) Ltd. in between 1993 to 1996 for setting up their Acetic Acid Plant and Neemazal Plant (Green field project) in Cuddalore and re - inducted to CECL in 1996.

He has handled all functions - Tendering, Purchase, Agency - Procurement, Planning, Property Development, Projects, etc. in head office since 1996.

Sl. No	Particulars	Amount (₹) paid	Amount (₹) proposed
i	Basic	₹ 84,790/month upto 30 th June, 2015 ₹ 93,255/month from 01 st July, 2015	₹ 93,255/month upto 30 th June, 2016 ₹ 1,02,230/month from 01 st July, 2016
ii	Allowances	₹ 1,12,325/month upto 30 th June, 2015 ₹ 1,14,870 /month from 01 st July, 2015	₹ 1,14,870/month upto 30 th June, 2016 ₹ 1,17,555 /month from 01 st July, 2016
iii	LTA	13% of annual Basic	13% of annual Basic
iv	PF/SAF/Gratuity	As per statutory/trust rules	As per statutory/trust rules
v	Medical Reimbursement & Hospitalisation	₹ 15,000 each per annum	₹ 15,000 each per annum
vi	Car maintenance	₹ 15,000 per annum	₹ 15,000 per annum
vii	Variable pay	₹ 5,33,200/- linked to performance	₹ 5,70,600/- linked to performance
viii	Car fuel	At actual	At actual

Tax on the above is to be borne by employee as per statutory requirements.

6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates, the relevant details would be with respect to the country of his origin)

Taking into consideration, the size of the Company, the qualification and experience of the appointee, the responsibilities being

shouldered by him and industry benchmarks for people with similar profile, the remuneration paid is commensurate with the remuneration packages paid to similar senior level appointees in other Companies.

7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.

NIL

Chennai
Date: 25.04.2016

On behalf of the Board
M.M. VENKATACHALAM
(DIN: 00152619)
Chairman



If undelivered please return to:

COROMANDEL ENGINEERING COMPANY LIMITED

Registered Office : Parry House, III Floor, 43, Moore Street,
Chennai - 600 001 Ph: +91-44-25301700

www.coromandelengg.com