

**Coromandel Engineering Company Limited**  
(ISO 9001:2015 & BS OHSAS 18001:2007 Certified Company)  
Registered and Corporate Office:  
Parry House, V Floor, 43, Moore Street, Chennai 600 001, India  
P.B. No. 1698, Tel: 25301700  
CIN No: L74910TN1947PLC000343  
Email: coromandelengg@cec.murugappa.com  
Website: www.coromandelengg.com

July 24, 2018

BSE Limited  
Floor 25, P J Towers  
Dalal Street Mumbai 400 001  
Fax No.,22722037/39/41/61

**SCRIP CODE-533167**

Dear Sir

Sub: 70<sup>th</sup> Annual General Meeting ("AGM") and voting results

In continuation to our letter dated April 26, 2018, 70<sup>th</sup> Annual General Meeting ('AGM') of the Company was held today and the businesses mentioned in the Notice dated April 26, 2018 were transacted.

In this regard, Please find enclosed the following-

- 1) Summary of proceedings as required under Regulation 30, Part-A of Schedule - III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 2) Voting results as required under Regulation 44, Part-A of Schedule - III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 3) Report of Scrutinizer dated July 24, 2018, Pursuant to Section 108 of the Companies Act, 2013 and Rule 20 (4) (xii) of the Companies (Management and Administration) Rules, 2014.
- 4) Annual Report for the financial year 2017-2018 as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 duly approved and adopted by the members as per the provisions of the Companies Act, 2013.

Kindly take the above information on record.

Thanking you

Yours faithfully  
For COROMANDEL ENGINEERING COMPANY LIMITED

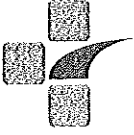
*C. Parvathi Nagaraj*

C.Parvathi Nagaraj  
COMPANY SECRETARY AND COMPLIANCE OFFICER

Encl.: a/a.



**murugappa**



**Coromandel Engineering Company Limited**  
(ISO 9001:2015 & BS OHSAS 18001:2007 Certified Company)  
Registered and Corporate Office:  
Parry House, V Floor, 43, Moore Street, Chennai 600 001, India  
P.B. No. 1698, Tel: 25301700  
CIN No: L74910TN1947PLC000343  
Email: coromandelengg@cec.murugappa.com  
Website: www.coromandelengg.com

**GIST OF THE PROCEEDINGS OF THE SEVENTIETH ANNUAL GENERAL MEETING OF THE MEMBERS OF COROMANDEL ENGINEERING COMPANY LIMITED HELD ON TUESDAY, JULY 24, 2018 AT 9.30 A.M. AT NARADA GANA SABHA TRUST, 'MINI HALL' NO.314, TTK ROAD, CHENNAI – 600018.**

---

Mr. M.M.Venkatachalam, Chairman, took the Chair and welcomed the members to the 70<sup>th</sup> Annual General Meeting ('AGM' or 'Meeting') of the Company.

Total 1431 members attended the Meeting as per the record of attendance.

The requisite quorum being present, the Chairman called the meeting to order.

The Chairman introduced the Directors and senior officers present on the dais, the representative of, M/s. CNGSN & Associates LLP, Statutory Auditors and Ms. Srinidhi Sridharan of M/s. Srinidhi Sridharan & Associates, Secretarial Auditors and Mr. R.Sridharan, Scrutiniser, present at the AGM.

The Chairman informed the members that the Register of Directors' and Key Managerial Personnel and their Shareholding and Register of Contracts or Arrangements in which Directors are interested were available in the meeting and would remain accessible to the Members for inspection, if they so desire.

The Chairman further informed the members that pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended, the Company had provided the members the facility to cast their vote electronically (remote e-voting) on Karvy e-voting platform in respect of all the businesses mentioned in the Notice dated April 26, 2018. He further informed that the e-voting commenced at 9.00 a.m. on July 21, 2018 and ended at 5.00 p.m. on July 23, 2018. The Board of Directors had appointed Mr. R. Sridharan of M/s. R. Sridharan & Associates, Company Secretaries, as the Scrutinizer for the purpose of scrutinizing both, the remote e-voting and the physical voting at the Meeting, in a fair and transparent manner.

The Chairman also informed that the voting rights shall be in proportion to the shareholding of the members as on the cut-off date i.e. July 17, 2018.

The Chairman then informed that members, who have not casted their vote electronically, may cast their votes at the Meeting through Ballot Papers.

With the concurrence of the members, the Notice convening the 70<sup>th</sup> Annual General Meeting along with the Annual Report and Auditors Reports were taken as read. The Chairman also briefed the members on the performance of the Company for the year ended 31<sup>st</sup> March, 2018.

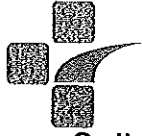
The Chairman thereafter informed the members about the resolutions to be voted at the Meeting.

The following items of business, as per Notice dated April 26, 2018 were transacted at the meeting:

*C. Parvathi Nagarej*



**murugappa**



**Ordinary Business:**

1. Adoption of Financial Statements for the financial year ended 31<sup>st</sup> March, 2018, Reports of Board of Directors & Auditors thereon. **(Ordinary Resolution)**
2. Appointment of Mr.M.M.Venkatachalam (DIN: 00152619) as director who retire by Rotation. **(Ordinary Resolution)**
3. Ratification of Appointment of M/s. CNGSN & Associates, LLP, Chartered Accountants, Chennai as the Statutory Auditors of the Company to hold office from the conclusion of 70<sup>th</sup> Annual General Meeting until the conclusion of 71<sup>st</sup> Annual General Meeting to be held in the year 2019 on a remuneration of Rs.4,25,000/-. **(Ordinary Resolution)**

**Special Business:**

4. Ratification of remuneration to Mr.N.V.Thanigaimani, Cost Auditor for the financial year ended, 31<sup>st</sup> March, 2018. **(Ordinary Resolution)**
5. Appointment of Mr.N. Velappan as "Manager" of the Company under the provisions of the Companies Act, 2013 for a period of one year w.e.f. 1<sup>st</sup> May, 2018. **(Ordinary Resolution)**
6. Alteration of the Articles of Association of the Company **(Special Resolution)**

Thereafter the Chairman ordered a Poll to be taken at the Meeting through Ballot Papers and requested the members to cast their votes.

The Chairman then invited the members for their comments and queries on the workings and financials of the company for the year ended 31<sup>st</sup> March, 2018. Few shareholders raised queries and the Chairman replied for the same.

The Chairman informed the members that the consolidated results of remote e-voting and the physical voting at the Meeting alongwith consolidated report of the Scrutinizer shall be displayed at the Notice Board at the Registered Office of the Company and shall also be placed on the websites of the Company as well as that of Karvy. The above results and Scrutinizer's report shall also be announced to BSE Limited within 48 hours of the conclusion of the meeting.

Thanking the members for their participation, suggestions and comments, the Chairman declared the formal closure of the 70<sup>th</sup> Annual General Meeting of the Company.

Based on the consolidated Scrutinizers' Report, all the aforesaid resolutions were passed with requisite majority.

The meeting was concluded at 10.30 a.m.

For Coromandel Engineering Company Limited

*C. Parvathi Nagaraj*

C.Parvathi Nagaraj  
Company Secretary and Compliance Officer

Date: July 24, 2018





**Consolidated Scrutinizer's Report**

24<sup>th</sup> July, 2018

The Chairman  
**COROMANDEL ENGINEERING COMPANY LIMITED,**  
"Parry House", 5<sup>th</sup> Floor,  
No.43, Moore Street,  
Chennai - 600 001.

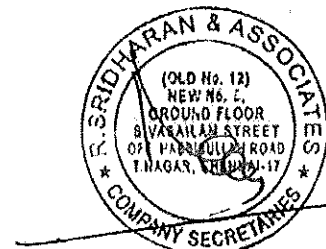
**Ref: The 70<sup>th</sup> Annual General Meeting of the members of Coromandel Engineering Company Limited held on Tuesday, 24<sup>th</sup> July, 2018 at 9.30 a.m. at the Narada Gana Sabha Trust, 'Mini Hall' No.314, TTK Road, Chennai-600018.**

Dear Sir,

The Board of Directors of **Coromandel Engineering Company Limited** vide resolution dated 26<sup>th</sup> April, 2018 pursuant to Section 108 and 109 of the Companies Act, 2013 read with Rule 20 (as amended) and 21 of the Companies (Management and Administration) Rules, 2014 have appointed us viz. R.Sridharan & Associates, Company Secretaries, as the Scrutinizer to conduct the remote e-voting process held between Saturday, July 21, 2018 (9.00 AM) (IST) to Monday, July 23, 2018 (5.00 PM) (IST) and to conduct the Polling process relating to the 70<sup>th</sup> AGM of the members of the Company, held on Tuesday, 24<sup>th</sup> July, 2018 at 9.30 a.m at the Narada Gana Sabha Trust, 'Mini Hall' No.314, TTK Road, Chennai-600018. The shareholders of the Company as on the "cut off" date i.e. Tuesday, 17<sup>th</sup> July, 2018 were entitled to vote as set out in the notice of the AGM.

We now submit our consolidated Report as under:

1. After the announcement of the poll by the Chairman, one ballot box kept for polling was locked in our presence with due identification mark placed by us.
2. After the time fixed for closing of the poll, the locked ballot box was subsequently opened in our presence and poll papers were diligently scrutinized. The poll papers were reconciled with the records maintained by the Company / Registrar and Share Transfer Agents of the Company and the authorizations / proxies lodged with the Company.





3. We have scrutinized and reviewed the voting at the conclusion of AGM. Subsequently, we have unblocked the votes cast through remote e-voting in the presence of Mr. K Satheesh and Mr. N Naveen Raj, who are the witnesses and not in the employment of the company. The votes tendered therein in respect of the remote e-voting system are based on the data downloaded from the Official website of the Karvy Computershare Private Limited.

4. The consolidated result (Remote E-voting and Poll) of the said Resolutions are as under:

**Item No. 1 - Adoption of Audited Financial Statements, Reports of Board of Directors & Auditors thereon for the financial year ended 31<sup>st</sup> March, 2018.**

**Ordinary Resolution**

(i) Votes In favour of the resolution:

Number of members voted in Remote E-Voting	Number of votes cast (Shares) - Remote E-Voting	Number of members/ Proxies voted by Poll	Number of votes cast (Shares) - Poll	Total Number of votes cast through Remote E-Voting and Poll	% of total number of valid votes cast
53	12190243	12	5604614	17794857	100

(ii) Votes against the resolution:

Number of members voted in Remote E-Voting	Number of votes cast (Shares) - Remote E-Voting	Number of members/ Proxies voted by Poll	Number of votes cast (Shares) - Poll	Total Number of votes cast through Remote E-Voting and Poll	% of total number of valid votes cast
NIL	NIL	NIL	NIL	NIL	0.0

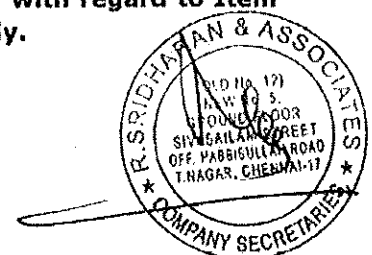
(iii) Invalid Votes:

Number of members voted in Remote E-Voting	Number of votes cast (Shares) - Remote E-Voting	Number of members/Proxies voted by Poll	Number of votes cast (Shares) - Poll	Total Number of votes cast through Remote E-Voting and Poll
NIL	NIL	1	26	26

**RESULT:**

**As the number of votes cast in favour of the resolution was more than the number of votes cast against, we report that the Ordinary Resolution with regard to Item no. 1 as set out in the Notice of the AGM is passed unanimously.**

CEC- CONSOLIDATED SCRUTINIZER REPORT – AGM DATE 24-7-2018





**Item No. 2 – Re-Appointment of Mr. M.M. Venkatachalam (DIN:00152619) as director who retires by Rotation**

**Ordinary Resolution**

(I) Votes in **favour** of the resolution:

Number of members voted In Remote E- Voting	Number of votes cast (Shares) - Remote E-Voting	Number of members/ Proxies voted by Poll	Number of votes cast (Shares) - Poll	Total Number of votes cast through Remote E-Voting and Poll	% of total number of valid votes cast
53	12190243	12	5604614	17794857	100

(II) Votes **against** the resolution:

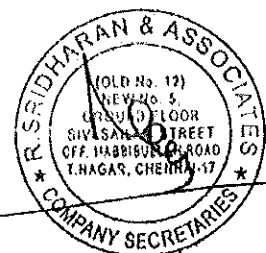
Number of members voted In Remote E- Voting	Number of votes cast (Shares) - Remote E-Voting	Number of members/ Proxies voted by Poll	Number of votes cast (Shares) - Poll	Total Number of votes cast through Remote E-Voting and Poll	% of total number of valid votes cast
NIL	NIL	NIL	NIL	NIL	0.0

(III) **Invalid** Votes:

Number of members voted In Remote E- Voting	Number of votes cast (Shares) - Remote E-Voting	Number of members/Proxies voted by Poll	Number of votes cast (Shares) - Poll	Total Number of votes cast through Remote E- Voting and Poll
NIL	NIL	1	26	26

**RESULT:**

As the number of votes cast in favour of the resolution was more than the number of votes cast against, we report that the Ordinary Resolution with regard to Item no. 2 as set out in the Notice of the AGM is passed unanimously.





**Item No. 3 – Ratification of Appointment of M/s CNGSN & Associates, LLP as Statutory Auditors of the company and fixing of remuneration for the year 2018-19**

**Ordinary Resolution**

(I) Votes in **favour** of the resolution:

Number of members voted in Remote E- Voting	Number of votes cast (Shares) - Remote E-Voting	Number of members/ Proxies voted by Poll	Number of votes cast (Shares) - Poll	Total Number of votes cast through Remote E-Voting and Poll	% of total number of valid votes cast
53	12190243	12	5604614	17794857	100

(II) Votes **against** the resolution:

Number of members voted in Remote E- Voting	Number of votes cast (Shares) - Remote E-Voting	Number of members/ Proxies voted by Poll	Number of votes cast (Shares) - Poll	Total Number of votes cast through Remote E-Voting and Poll	% of total number of valid votes cast
NIL	NIL	NIL	NIL	NIL	0.0

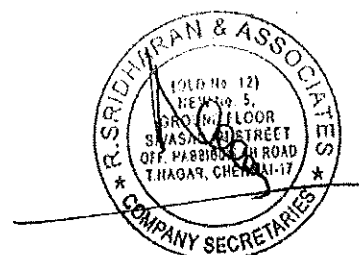
(III) **Invalid** Votes:

Number of members voted in Remote E- Voting	Number of votes cast (Shares) - Remote E-Voting	Number of members/Proxies voted by Poll	Number of votes cast (Shares) - Poll	Total Number of votes cast through Remote E- Voting and Poll
NIL	NIL	1	26	26

**RESULT:**

As the number of votes cast in favour of the resolution was more than the number of votes cast against, we report that the Ordinary Resolution with regard to Item no. 3 as set out in the Notice of the AGM is passed unanimously.

CEC- CONSOLIDATED SCRUTINIZER REPORT – AGM DATE 24-7-2018





**Item No. 4 – Ratification of remuneration of Cost Auditor**

**Ordinary Resolution**

(I) Votes in **favour** of the resolution:

Number of members voted in Remote E- Voting	Number of votes cast (Shares) - Remote E-Voting	Number of members/ Proxies voted by Poll	Number of votes cast (Shares) - Poll	Total Number of votes cast through Remote E-Voting and Poll	% of total number of valid votes cast
53	12190243	12	5604614	17794857	100

(II) Votes **against** the resolution:

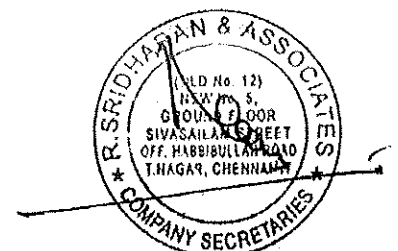
Number of members voted in Remote E- Voting	Number of votes cast (Shares) - Remote E-Voting	Number of members/ Proxies voted by Poll	Number of votes cast (Shares) - Poll	Total Number of votes cast through Remote E-Voting and Poll	% of total number of valid votes cast
NIL	NIL	NIL	NIL	NIL	0.0

(III) **Invalid** Votes:

Number of members voted in Remote E- Voting	Number of votes cast (Shares) - Remote E- Voting	Number of members/Proxies voted by Poll	Number of votes cast (Shares) - Poll	Total Number of votes cast through Remote E- Voting and Poll
NIL	NIL	1	26	26

**RESULT:**

As the number of votes cast in favour of the resolution was more than the number of votes cast against, we report that the Ordinary Resolution with regard to Item no. 4 as set out in the Notice of the AGM is passed unanimously.





**Item No. 5 – Appointment of Mr. N. Velappan as Manager**

**Ordinary Resolution**

(i) Votes in **favour** of the resolution:

Number of members voted in Remote E- Voting	Number of votes cast (Shares) - Remote E-Voting	Number of members/ Proxies voted by Poll	Number of votes cast (Shares) - Poll	Total Number of votes cast through Remote E-Voting and Poll	% of total number of valid votes cast
53	12190243	9	5604514	17794757	99.99999

(ii) Votes **against** the resolution;

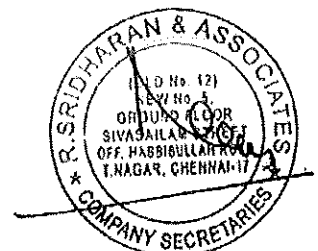
Number of members voted in Remote E- Voting	Number of votes cast (Shares) - Remote E-Voting	Number of members/ Proxies voted by Poll	Number of votes cast (Shares) - Poll	Total Number of votes cast through Remote E-Voting and Poll	% of total number of valid votes cast
NIL	NIL	3	100	100	0.00001

(iii) Invalid Votes:

Number of members voted in Remote E- Voting	Number of votes cast (Shares) - Remote E- Voting	Number of members/Proxies voted by Poll	Number of votes cast (Shares) - Poll	Total Number of votes cast through Remote E- Voting and Poll
NIL	NIL	1	26	26

**RESULT:**

As the number of votes cast in favour of the resolution was more than the number of votes cast against, we report that the Ordinary Resolution with regard to Item no. 5 as set out in the Notice of the AGM is passed with requisite majority.





**Item No. 5 – Alteration of Articles of Association of the Company**

**Special Resolution**

(I) Votes In **favour** of the resolution:

Number of members voted in Remote E- Voting	Number of votes cast (Shares) - Remote E-Voting	Number of members/ Proxies voted by Poll	Number of votes cast (Shares) - Poll	Total Number of votes cast through Remote E-Voting and Poll	% of total number of valid votes cast
53	12190243	12	5604614	17794857	100

(II) Votes **against** the resolution:

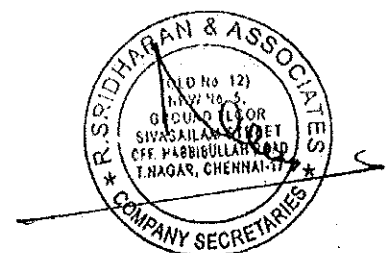
Number of members voted in Remote E- Voting	Number of votes cast (Shares) - Remote E-Voting	Number of members/ Proxies voted by Poll	Number of votes cast (Shares) - Poll	Total Number of votes cast through Remote E-Voting and Poll	% of total number of valid votes cast
NIL	NIL	NIL	NIL	NIL	0.0

(iii) **Invalid** Votes:

Number of members voted in Remote E- Voting	Number of votes cast (Shares) - Remote E- Voting	Number of members/Proxies voted by Poll	Number of votes cast (Shares) - Poll	Total Number of votes cast through Remote E- Voting and Poll
NIL	NIL	1	26	26

**RESULT:**

As the number of votes cast in favour of the resolution was not less than three times the number of votes cast against, we report that the Special Resolution with regard to Item No.6 as set out in the Notice of the AGM is passed unanimously.






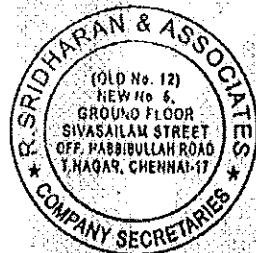
5. A Compact Disc (CD) containing a list of equity shareholders who voted "FOR", "AGAINST" for each resolution is enclosed.

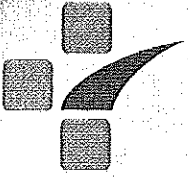
6. The electronic data relating to remote e-voting, poll papers and all other relevant records is under our safe custody and will be handed over to the Company Secretary for preserving safely after the Chairman considers, approves and signs the minutes of the Annual General Meeting.

Thanking you,  
Yours faithfully,

For R. Sridharan & Associates  
Company Secretaries

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





# **COROMANDEL ENGINEERING COMPANY LTD.**

ANNUAL REPORT 2017-18

## **CONTENTS**

- 01** CORPORATE INFORMATION
- 02** TEN YEARS FINANCIAL TRACK RECORD
- 03** DIRECTORS - A BRIEF PROFILE
- 04** BOARD'S REPORT
- 11** MANAGEMENT DISCUSSION & ANALYSIS REPORT
- 26** REPORT ON CORPORATE GOVERNANCE
- 50** FINANCIAL STATEMENTS
- 83** NOTICE TO MEMBERS

### **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 judgment 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 judgment 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

<b>Board of Directors</b>	
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)
<b>Bankers</b>	<b>Company Secretary &amp; Compliance Officer</b>
City Union Bank Ltd. DCB Bank Ltd. HDFC Bank Ltd. Indian Bank IndusInd Bank Ltd. RBL Bank Ltd.	Mr. R. Narayanan
Tata Capital Financial Services Ltd.	<b>Auditors</b>
	CNGSN & Associates LLP Chartered Accountants No. 20, Raja Street, T.Nagar, Chennai-600017
<b>Registered Office</b>	<b>Registrars and Share Transfer Agents</b>
"Parry House", 5 <sup>th</sup> 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
<b>70<sup>th</sup> Annual General Meeting</b>	<b>Date: 24<sup>th</sup> day of July, 2018</b>
	Day : Tuesday Time : 9:30 am Venue : Narada Gana Sabha Trust Mini Hall, No. 314, TTK Road Chennai - 600 018

## TEN YEARS FINANCIAL TRACK RECORD

(₹ in lakhs)

YEAR ENDED 31 <sup>ST</sup> MARCH										
OPERATING RESULTS	2009	2010	2011	2012	2013	2014	2015	2016	2017*	2018*
Sales	10,024.63	8,920.85	11,275.24	17,046.09	21,639.22	19,924.92	23,039.38	12,220.71	3,133.84	3,250.08
Other Income	37.85	40.00	185.34	78.79	90.30	109.01	89.70	178.55	70.59	87.64
Profit/(Loss) before depreciation	799.55	434.49	523.16	(3,088.12)	(453.31)	(1,020.17)	542.85	504.79	(395.87)	(722.97)
Profit/(Loss) before Tax	714.22	330.27	405.12	(3,249.32)	(668.37)	(1,243.48)	53.95	68.94	(785.42)	(1,090.97)
Profit/(Loss) after Tax	467.01	218.94	288.54	(2,145.22)	(544.05)	(888.17)	112.41	40.37	(767.85)	(1,256.89)
Total Comprehensive Income	-	-	-	-	-	-	-	-	(770.39)	(1,253.05)
Dividend – Equity	115.64	76.84	95.73	-	-	-	-	-	-	-
<b>SOURCES OF FUNDS</b>										
Paid up Share Capital	329.48	329.48	329.48	2,829.48	2,829.48	4,023.36	4,023.36	4,023.36	4,023.36	4,023.36
Reserves	1,250.75	1,392.85	1,585.66	(559.56)	(1,103.61)	313.14	383.88	424.25	(401.97)	(1,655.02)
Loan Funds	4,005.87	5,533.07	7,264.90	6,770.40	8,505.80	10,028.82	7,074.47	2,502.72	2,921.57	5,204.54
Deferred Tax Liability/ (Asset) Net	47.28	78.80	114.61	(989.49)	(1,113.81)	(1,469.12)	(1,546.42)	(1,517.85)	(1,535.42)	(1,369.50)
<b>Total</b>	<b>5,633.38</b>	<b>7,334.20</b>	<b>9,294.65</b>	<b>8,050.83</b>	<b>9,117.86</b>	<b>12,896.20</b>	<b>9,935.29</b>	<b>5,432.48</b>	<b>5,007.54</b>	<b>6,203.38</b>
<b>APPLICATION OF FUNDS</b>										
Fixed Assets	1,354.24	1,383.68	1,822.54	2,423.15	3,037.54	3,539.01	2,931.43	2,455.65	2,065.53	1,688.49
Investments	1.25	6.25	5.20	5.20	5.44	5.44	5.20	5.20	17.67	19.17
Net Non-Current and Current Assets	4,277.89	5,944.27	7,466.91	5,622.48	6,074.88	9,351.75	6,998.66	2,971.63	2,924.34	4,495.72
<b>Total</b>	<b>5,633.38</b>	<b>7,334.20</b>	<b>9,294.65</b>	<b>8,050.83</b>	<b>9,117.86</b>	<b>12,896.20</b>	<b>9,935.29</b>	<b>5,432.48</b>	<b>5,007.54</b>	<b>6,203.38</b>

- Financials for 2017 and 2018 prepared under Ind AS
- Paid up Share Capital includes Rs. 700 l. Preference Share Capital



## DIRECTORS – A BRIEF PROFILE

**Mr. M.M. Venkatachalam (DIN: 00152619)**  
Non-Executive 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 E.I.D. Parry (India) Ltd., Coromandel International Ltd., Ramco Systems Ltd., Parry Agro Industries Ltd., Ambadi Enterprises 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 30 years in the field of varied industrial activities. He has been on the Board of CEC, since September 1995. He is the Managing Director of Parry Enterprises India Ltd. and is also on the Board of Carborundum Universal Ltd.

**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 CEC, 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 a 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 FICCI and Fertiliser Association of India.

He has been on the Board of CEC, 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 33 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 CEC, 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 32 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 CEC, since January, 2016.

## BOARD'S REPORT

Your Directors present herewith the 70<sup>th</sup> Annual Report of the Company together with the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2018.

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

### FINANCIAL RESULTS:

(₹ in Lakhs)

Particulars	2017-18	2016-17
Gross Income	3,337.72	3,204.43
Profit/(loss) before Interest and Depreciation	(367.94)	(33.97)
Finance charges	355.03	361.90
Gross Profit/(loss)	(722.97)	(395.87)
Depreciation and Amortisation expenses	368.00	389.55
Net Profit/(loss) before tax	(1,090.97)	(785.42)
Provision for tax	165.92	(17.57)
Net Profit/(loss) after tax	(1,256.89)	(767.85)
Other Comprehensive Income/(loss)	3.84	(2.54)
Total Comprehensive Income	(1,253.05)	(770.39)
Balance carried to Balance Sheet	(4,746.46)	(3,491.91)

### OPERATIONS AND PERFORMANCE

For the year under review, Your Company achieved a gross income of Rs.3337.72 lakhs and incurred a loss before tax of Rs.1090.97 lakhs, as against the gross income of Rs.3204.43 lakhs and loss before tax of Rs.785.42 lakhs, for the previous year.

Your Company's operations during the year were impacted by reduced order book for major part of the year, due to the continued sluggish activity in construction sector. Intense Competition and pricing pressure affected the margin of the Company.

The Company was able to collect major portion of the over dues and the income tax refund, which helped in reducing the short term loans. Few of the projects carried over from previous year were completed by mid-year. Your Company was able to secure few orders during the fourth quarter of the year and now has an healthy order book.

The Company is continuing its efforts for securing fresh orders and speeding up execution on existing orders to achieve operational turnaround.

On the Property Development business, during the year, Your Company had acquired interest in a real estate project in Coimbatore to maintain the presence in property development market.

The depreciation for the year was at Rs.368.00 lakhs as compared to Rs. 389.55 lakhs for the previous year.

Due to lower volumes / revenue, the PBIT for the year was at negative Rs. 735.94 lakhs as compared to negative Rs.423.52 lakhs during the previous year. The finance cost for the year was almost flat at Rs. 355.03 lakhs as compared to Rs. 361.90 lakhs in the previous year.

During the year, Your Company utilised the existing Plant and Machinery and hence did not incur any major capital expenditure.

**DIVIDEND**

Taking into account overall financial performance of the Company and the accumulated losses, no dividend is considered for the financial year 2017-18.

The Company also has not transferred any amount to general reserve.

During the year, the unclaimed dividend amounting to Rs.43,804/- pertaining to dividend for the year ended 31<sup>st</sup> March, 2010 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. 18,838 Equity Shares on which dividend was not claimed for 7 years had also been transferred during the year to IEPF Authority as per statutory requirement.

**SHARE CAPITAL**

The paid up Equity share capital of the Company as on 31.03.2018 was Rs. 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 31<sup>st</sup> March, 2018, Mr. M.M. Venkatachalam, Chairman, was holding 4,51,610 equity shares of Rs. 10/- each and Mr. M.A.M. Arunachalam, Director, was holding 3,61,610 equity shares of Rs.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 31.03.2018 was Rs. 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.

**INDIAN ACCOUNTING STANDARDS (IND AS) – IFRS CONVERGED STANDARDS**

The Company has adopted Ind AS with effect from 01<sup>st</sup> April 2017 pursuant to Companies (Indian Accounting Standards) Rules, 2015 notified by Ministry of Corporate Affairs on 16<sup>th</sup> February 2015. The Company has completed the modification of accounting and reporting systems to facilitate the adoption of Ind AS. The implementation of Ind AS is a significant process adopted from the current financial year and the Company has presented the impact of Ind AS transition in the notes to the Financial Statements.

**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 Auditors, who review all the financial transactions and operating systems, 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 69<sup>th</sup> Annual General Meeting held on 26<sup>th</sup> July, 2017, Ms. G. Jalaja, Director, (DIN: 00149278) retired by rotation pursuant to Section 152(6) of the Companies Act, 2013 and Article 93 of the Articles of Association and was re-appointed as Director, liable to retire by rotation.

**RE-APPOINTMENT OF RETIRING DIRECTOR**

Based on the recommendation of Nomination & Remuneration Committee and approval of the Board, Mr. M.M. Venkatachalam, Director (DIN: 00152619) who retires by rotation pursuant to Section 152 (6) of the Companies Act, 2013 and

Article 93 of the Articles of Association at the forthcoming Annual General Meeting and being eligible, offers himself for re- appointment.

#### **APPOINTMENT OF KEY MANAGERIAL PERSONNEL**

During the year, Mr. N. Velappan, was re-appointed by the Board as Manager of the Company and a Key Managerial Person from 01<sup>st</sup> May, 2017 to 30<sup>th</sup> April, 2018 under Section 203 of the Companies Act, 2013, which was approved by the members at the 69<sup>th</sup> Annual General Meeting of the Company held on 26<sup>th</sup> July, 2017. The Board has now extended the tenure of Mr. N. Velappan as Manager for the period of 1 Year from 01<sup>st</sup> May, 2018 to 30<sup>th</sup> April 2019, 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](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 31<sup>st</sup> March 2018, the Board had met Six ( 6 ) times, on 29<sup>th</sup> April, 2017, 25<sup>th</sup> July, 2017, 26<sup>th</sup> October, 2017, 08<sup>th</sup> January, 2018, 25<sup>th</sup> January, 2018 and 22<sup>nd</sup> March, 2018. The Audit committee met (4) times on 29<sup>th</sup> April, 2017, 25<sup>th</sup> July, 2017 , 26<sup>th</sup> October, 2017 and 25<sup>th</sup> January, 2018. 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:

that in the preparation of the annual financial statements for the year ended 31<sup>st</sup> March, 2018, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;

that the Directors had selected such accounting policies as mentioned in Note No. 3 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 31<sup>st</sup> March, 2018 and of the loss of the company for the year ended on that date;

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;

that the annual accounts for the year ended 31<sup>st</sup> March, 2018 have been prepared on a 'going concern' basis;

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;

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 relationship 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 by 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 31<sup>st</sup> March, 2018 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](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**

Audit Committee constituted by the Board pursuant to Section 177 of the Companies Act, 2013, consists of the following members:

Mr. P. Nagarajan -Chairman

Mr. M.A.M. Arunachalam -Member

Mr. N.V. Ravi -Member

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:

Mr. N.V. Ravi-Chairman

Mr. M.M. Venkatachalam-Member

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](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.

Mr. R. Surendran -Chairman

Mr. M.A.M. Arunachalam -Member

Ms G. Jalaja -Member

**SCOPE OF CSR POLICY**

This policy will apply to all projects/ programmes undertaken as part of 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 thereunder.

**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](http://www.coromandelengg.com/Inv_policies.html).

**REASON FOR NOT SPENDING ON CSR ACTIVITIES**

Since the average of net profit earned by the Company in the preceding three financial years is negative, the Company was not required to spend on the CSR activities during the financial year 2017-18.

**SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

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.

**AUDITORS****STATUTORY AUDITORS**

The appointment of M/s. CNGSN & Associates, LLP, holding Firm Registration No.004915S, as Statutory Auditors of the Company, to hold office, from the conclusion of 69<sup>th</sup> Annual General Meeting until the conclusion of 74<sup>th</sup> Annual General Meeting, was approved by the members at the 69<sup>th</sup> Annual General Meeting subject to the ratification of the appointment by the members at every annual general meeting thereafter. M/s CNGSN & Associates, LLP have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed thereunder 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. The Board, based on the recommendation of Audit Committee, proposes the ratification of the appointment of M/s CNGSN & Associates, LLP

to hold office until the conclusion of 71<sup>st</sup> Annual General meeting, by the members .

#### **COST AUDITORS**

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Second Amendment Rules, 2017, Mr. N.V. Thanigaimani, Cost Accountant (Membership No.15557) was appointed as Cost Auditor of the Company for the financial year 2017-18. 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 .4 of the Notice convening the Annual General Meeting.

#### **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 Ms. Srinidhi Sridharan & Associates, 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 2017-18:

No. of complaints received – Nil

No. of complaints disposed off – Not Applicable

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, & 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 (Accounts) Rules, 2014. During the year, the Company did not have any foreign exchange earnings and outgo.

#### **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 26, 2018

**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 continued to remain sluggish. With many of the customer segments like Steel, Power etc. under financial stress, the capacity expansion plans were put on the backburner. With crude prices picking up, the input prices were on the upswing. With minimum wages also being increased across States, the labour costs were also showing a rising trend.

On the realty sector, across various geographies, the launches continued to remain slow. Even affordable housing has not caught up at a desirable pace. Developers continued their 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 Real Estate (Regulation and Development) Act, even though a year old, has not made significant impact. Commercial and office space continued to show robust growth during the year.

The investment climate is expected to be subdued in view of the moderate growth expectations impacted by International trade wars, NPA situation of banking sector and dip in consumer sentiment. The outlook for Agriculture and in turn rural demand will depend on the monsoon, which is predicted to be normal.

### Review of Business of Coromandel Engineering Company Ltd.

The Company had participated in tenders worth Rs. 1259 Crores across industrial, commercial, educational institutions and residential segments, during the year. The pressure on pricing was unabated.

During the year, Your Company was able to collect / resolve overdue payments which was pending from certain clients and this has helped in improving the cash flow.

On the residential front, the Company had acquired interest in a residential project in Coimbatore, to maintain its presence in property development. The Company continues to be on the lookout for taking up fresh niche projects in property development.

### Risk Management

Given below are some of the significant risks that could have an impact on the Company and the mitigation measures put in place by the Company.

#### Bidding Risk

Quoting with smaller margins to obtain orders matching the pricing of competition, leading to pressure on margins during execution.

#### 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

Process linkages right from quoting and obtaining orders, planning effectively, timely deployment of resources, adherence to cost targets and timelines and work execution are key to ensure timely completion. In the absence of proper linkage in this regard, actual cost and timelines may vary adversely.

#### Mitigation Measures

1. Ensuring detailed study of the site specific conditions and scope of the project with cross functional teams.
2. Detailed project execution plans are drawn up with process linkages.
3. Monitor the progress on a regular basis.

#### Quality Risk

The risk of quality of work not adhering to specifications as per contract, leading to short certifications of our invoice, payment delays and additional costs for rectification lowering the profitability and reputation loss.

**Mitigation Measures**

1. Constantly evaluating quality standards of our Vendor/Service Providers and having a pre-qualified panel for placing orders.
2. Monitoring of the quality of incoming materials and work execution through our in house team.
3. Ensuring certification from clients on the quality of work completed on a regular basis.

**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 resources, as per contract requirements.
2. Ensuring availability of material/labour/equipment as per execution plan.
3. Ensuring availability of drawings/clearances from client/various authorities and any gap is communicated in advance and delays from the client's end are documented.

**Cost Escalation Risk**

Increase in costs beyond budget leading to margins getting affected.

**Mitigation Measures**

1. Project Cost estimates to be based on specific site conditions, seasonal cost variation and availability factors and anticipated cost push over the tenure of the project.
2. Escalation clauses based on base prices for key input materials to be included in the contracts.
3. Negotiating better rates from suppliers/service providers, based on volumes.

**Client Concentration Risk**

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

**Mitigation Measures**

1. Broad basing client base/segments and wider geographic allocations for getting orders after due risk evaluation.
2. Obtaining technical prequalification from project consultants/architects to widen client base.
3. Execute projects in a timely manner, meeting contract requirements to ensure chances of repeat orders.

**Compliance Risk**

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

**Mitigation Measures**

1. Monitoring industry specific statutory requirements and continuous education and training of employees to ensure compliance.
2. Checklist to capture applicable contractual obligations from quotation stage and ensure onerous clauses are not accepted.
3. Maintaining documentation to record non compliances on contractual obligations 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 as per requirements, resulting in delayed payments affecting execution and higher borrowings, resulting in higher interest cost.

**Mitigation Measures**

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

The risk management matrix consisting of probable risks, their impact and the mitigation measures are reviewed periodically at the senior management level as well as by the Risk Management Committee.

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

During the year, the Company achieved revenue from Operations of Rs.3250 lakhs as against Rs.3134 lakhs in the previous year. The static performance was mainly 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, in the absence of new projects, there was negligible revenue during the year.

**Summary of Financial Results :**

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

₹ in lakhs

	FY 2017-18	%	FY 2016-17	%
Revenue from Operations	3250	100.0	3134	100.0
Materials consumed and Sub contract Expenses	2881	88.6	2252	71.9
Salaries & Other Benefits	419	12.9	493	15.7
Other Expenses	406	12.5	493	15.7
Finance Cost	355	10.9	362	11.6
Depreciation	368	11.3	390	12.4
Total Costs	4429	136.2	3990	127.3

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 negative Rs.368 lakhs. Finance cost was marginally lower during the year at Rs. 355 L.

**Net Profit**

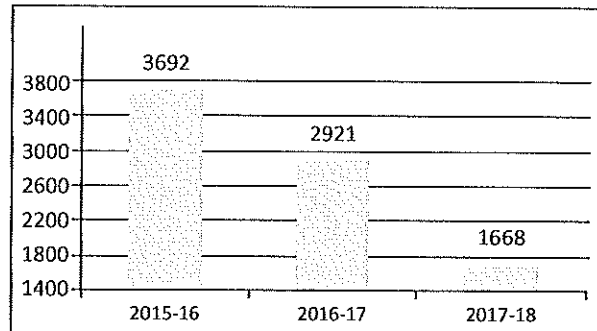
₹ in lakhs

	2017-18	2016-17
Total revenue	3338	3204
Profit/(Loss) before interest and tax (PBIT)	(736)	(424)
Profit/ (loss) before tax (PBT)	(1091)	(785)
PBT as % of revenue	(33%)	(24)%

**Net Worth**

The net worth of the Company as at March 31, 2018 was Rs.1668 lakhs as compared to Rs.2921 lakhs as at March 31, 2017.

₹ in lakhs



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.

Place: Chennai  
Date: April 26, 2018

### **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 and with a few projects coming to completion, there was a reduction in headcount. However towards the fourth quarter, the Company bagged few orders. Based on the requirements, recruitments have commenced for the gaps in skill set.

The total permanent employee strength of the Company as at the end of the year was at 88.

**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 31<sup>st</sup> March, 2018**

[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 <sup>rd</sup> 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, 5 <sup>th</sup> floor, No.43, Moore Street, Chennai-600001 coromandelengg@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 FreeNo.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	100%

**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

## N. SHAREHOLDING PATTERN (Equity Share Capital Breakup 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 01/04/2017				NO OF SHARES HELD AT THE END OF THE YEAR 31/03/2018				% 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)									
(A)	PROMOTER									
(1)	INDIAN									
(a)	Individual/HUF	2927462	0	2927462	8.81	2639922	0	2639922	7.94	(0.87)
(b)	Central Government	0	0	0	0.00	0	0	0	0.00	0.00
(c)	State Government	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Bodies Corporate	7651799	0	7651799	23.02	8011998	0	8011998	24.11	1.09
(e)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Any other	0	0	0	0.00	0	0	0	0.00	0.00
	PROMOTER GROUP									
	Individuals/HUF & Bodies Corporate	14217476	0	14217476	42.78	14144817	0	14144817	42.56	(0.22)
	Sub-Total A(1) :	24796737	0	24796737	74.61	24796737	0	24796737	74.61	0.00
(2)	FOREIGN									
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(2) :	0	0	0	0.00	0	0	0	0.00	0.00
	Total A=A(1)+A(2)	24796737	0	24796737	74.61	24796737	0	24796737	74.61	0.00
(B)	PUBLIC SHAREHOLDING									
(1)	INSTITUTIONS									
(a)	Mutual Funds /UTI	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Financial Institutions /Banks	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO OF SHARES HELD AT THE BEGINNING OF THE YEAR 01/04/2017				NO OF SHARES HELD AT THE END OF THE YEAR 31/03/2018				% 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
	<b>Sub-Total B(1) :</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	692835	5112	697947	2.10	579574	100	579674	1.75	(0.35)
(b)	Individuals									
	(i) Individuals holding nominal share capital upto Rs.1 lakh	2938657	71392	3010049	9.06	2688575	49756	2738331	8.24	(0.82)
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	4670764	0	4670764	14.06	5025713	0	5025713	15.12	1.06
(c)	Others									
	Cleaning Members	13561	0	13561	0.04	5439	0	5439	0.02	(0.02)
	Non Resident Indians	38526	0	38526	0.12	56587	0	56587	0.17	0.05
	NRI Non-Repatriation	1214	0	1214	0.00	7479	0	7479	0.02	0.02
	Trusts	4800	0	4800	0.01	4800	0	4800	0.01	0.00
	IEPF	0	0	0	0.00	18838	0	18838	0.06	0.06
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total B(2) :</b>	<b>8360357</b>	<b>76504</b>	<b>8436861</b>	<b>25.39</b>	<b>8387005</b>	<b>49856</b>	<b>8436861</b>	<b>25.39</b>	<b>0.00</b>
	<b>Total B=B(1)+B(2) :</b>	<b>8360357</b>	<b>76504</b>	<b>8436861</b>	<b>25.39</b>	<b>8387005</b>	<b>49856</b>	<b>8436861</b>	<b>25.39</b>	<b>0.00</b>
	<b>Total (A+B) :</b>	<b>33153517</b>	<b>80081</b>	<b>33233598</b>	<b>100.00</b>	<b>33183742</b>	<b>49856</b>	<b>33233598</b>	<b>100.00</b>	<b>0.00</b>
(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	0.00
(2)	Public	0	0	0	0.00	0	0	0	0	0.00
	<b>GRAND TOTAL (A+B+C) :</b>	<b>33157094</b>	<b>76504</b>	<b>33233598</b>	<b>100.00</b>	<b>33183742</b>	<b>49856</b>	<b>33233598</b>	<b>100.00</b>	<b>0.00</b>

## (ii) Shareholding of Promoters

Sl. No	Name of the Share Holder	Catgry	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 01/04/2017	% of total shares of the Company	% of shares pledged / encumbered to total shares (includes GDR)	No of Shares Held As on 31/03/2018	% 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	0.00
2	MURUGAPPA HOLDINGS LIMITED	PROMOTER COMPANIES	2500100	7.52	0.00	0.00	0.00	0.00	(7.52)
3	AMBADI ENTERPRISES LIMITED	PROMOTER COMPANIES	1000100	3.01	0.00	1000100	3.01	0.00	0.00
4	AMBADI INVESTMENTS LIMITED	PROMOTER COMPANIES	632280	1.90	0.00	3492579	10.50	0.00	8.60
5	M M MURUGAPPAN	DIRECTORS AND RELATIVES	451610	1.36	0.00	451610	1.36	0.00	0.00
6	M M VENKATACHALAM	DIRECTORS	451610	1.36	0.00	451610	1.36	0.00	0.00
7	TI FINANCIAL HOLDINGS LIMITED	PROMOTER COMPANIES	433481	1.30	0.00	433481	1.30	0.00	0.00
8	M A M ARUNACHALAM	DIRECTORS	361610	1.09	0.00	361610	1.09	0.00	0.00
9	ARUN ALAGAPPAN	PROMOTERS	326610	0.98	0.00	326610	0.98	0.00	0.00
10	A VENKATACHALAM	PROMOTERS	284935	0.86	0.00	284935	0.86	0.00	0.00
11	S VELLAYAN	PROMOTERS	284935	0.86	0.00	284935	0.86	0.00	0.00
12	A VELLAYAN	PROMOTERS	284935	0.86	0.00	284935	0.86	0.00	0.00
13	M V MURUGAPPAN	PROMOTERS	218630	0.66	0.00	0.00	0.00	0.00	(0.66)
14	M A ALAGAPPAN	PROMOTERS	41210	0.12	0.00	41210	0.12	0.00	0.00
15	M V SUBBIAH	PROMOTERS	18090	0.05	0.00	18090	0.05	0.00	0.00
16	M A ALAGAPPAN	PROMOTERS	10000	0.03	0.00	10000	0.03	0.00	0.00
17	M V MUTHIAH	DIRECTORS AND RELATIVES	6000	0.02	0.00	6000	0.02	0.00	0.00
18	M M MURUGAPPAN	DIRECTORS AND RELATIVES	5120	0.02	0.00	5120	0.02	0.00	0.00
19	M V SUBBIAH	PROMOTERS	4160	0.01	0.00	4160	0.01	0.00	0.00
20	V NARAYANAN	PROMOTERS	3456	0.01	0.00	3456	0.01	0.00	0.00
21	M M VEERAPPAN	DIRECTORS AND RELATIVES	1800	0.01	0.00	1800	0.01	0.00	0.00
22	M M MUTHIAH	DIRECTORS AND RELATIVES	1800	0.01	0.00	1800	0.01	0.00	0.00
23	A VELLAYAN	PROMOTERS	960	0.00	0.00	960	0.00	0.00	0.00
24	V ARUNACHALAM	PROMOTERS	816	0.00	0.00	816	0.00	0.00	0.00
25	E.I.D.-PARRY (INDIA) LIMITED	PROMOTER COMPANIES	42938	0.13	0.00	42938	0.13	0.00	0.00
26	M V MURUGAPPAN	PROMOTERS	68910	0.21	0.00	0	0.00	0.00	(0.21)
27	M V SUBBIAH	PROMOTERS	85165	0.26	0.00	85165	0.26	0.00	0.00
28	M M MURUGAPPAN	DIRECTORS AND RELATIVES	13500	0.04	0.00	13500	0.04	0.00	0.00
29	M A ALAGAPPAN	PROMOTERS	1600	0.00	0.00	1600	0.00	0.00	0.00
	<b>TOTAL</b>		<b>10579261</b>	<b>31.83</b>		<b>10651920</b>	<b>32.05</b>		<b>0.22</b>



## (iii) Change in Promoter &amp; 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
NO CHANGE					

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

SHAREHOLDING PATTERN OF TOP 10 SHAREHOLDERS BETWEEN 31/03/2017 AND 31/03/2018								
Sl no	Follo/ DP Id-Client Id	Shareholding at the beginning of the Year		Date	Increase/ Decrease In share holding	Reason	Cumulative Shareholding during the Year	
		No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
1	AAHPS7668H	325000	0.98	31/03/2017			325000	0.98
	BHADRA JAYANTILAL SHAH			31/03/2018			325000	0.98
2	AABPS3713M	325000	0.98	31/03/2017			325000	0.98
	CHETAN JAYANTILAL SHAH			31/03/2018			325000	0.98
3	AAAH8914Q	250000	0.75	31/03/2017			250000	0.75
	DHANESH SUMATILAL SHAH			12/01/2018	-111973	Transfer	138027	0.42
				19/01/2018	-2185	Transfer	135842	0.41
				30/03/2018	-9962	Transfer	125880	0.38
			31/03/2018			125880	0.38	
4	AAJPS1459A	250000	0.75	31/03/2017			250000	0.75
	SHAH NIMESH SUMAITLAL			31/03/2018			250000	0.75
5	AAQPS2879F							
	SHAH DURGESH SUMATILAL	250000	0.75	31/03/2017			250000	0.75
				23/03/2018	-250000	Transfer	0	0.00
			31/03/2018			0	0.00	
6	BIYPS5277A	250000	0.75	31/03/2017			250000	0.75
	SAHIL NIMESH SHAH			31/03/2018			250000	0.75
7	BIYPS5278R	250000	0.75	31/03/2017			250000	0.75
	SIDDHANT DURGESH SHAH			13/10/2017	-18800	Transfer	231200	0.70
				20/10/2017	-3030	Transfer	228170	0.69
				27/10/2017	-108166	Transfer	120004	0.36
				31/10/2017	-120004	Transfer	0	0.00
			31/03/2018			0	0.00	
8	BIYPS5417C	250000	0.75	31/03/2017			250000	0.75
	HARDIK DHANESH SHAH			31/10/2017	-2261	Transfer	247739	0.75
				03/11/2017	-13125	Transfer	234614	0.71
				10/11/2017	-44106	Transfer	190508	0.57
				05/01/2018	-161232	Transfer	29276	0.09
			12/01/2018	-29276	Transfer	0	0.00	

SHAREHOLDING PATTERN OF TOP 10 SHAREHOLDERS BETWEEN 31/03/2017 AND 31/03/2018								
Sl no	Folio/ DP Id-Client Id	Shareholding at the beginning of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
9	AAHPS7667J							
	JAYANTILAL PREMJI SHAH	150000	0.45	31/03/2017			150000	0.45
				23/06/2017	50000	Transfer	200000	0.60
				14/07/2017	16704	Transfer	216704	0.65
				21/07/2017	23296	Transfer	240000	0.72
				29/09/2017	10000	Transfer	250000	0.75
				31/03/2018			250000	0.75
10	ABFPS0209M	0	0.00	31/03/2017			0	0.00
	URMILA D SHAH			23/03/2018	250000	Transfer	250000	0.75
				31/03/2018			250000	0.75
11	AAIPJ0089L	0	0.00	31/03/2017			0	0.00
	NEHA JASWANI			02/06/2017	15532	Transfer	15532	0.05
				09/06/2017	29468	Transfer	45000	0.14
				23/06/2017	6000	Transfer	51000	0.15
				30/06/2017	10000	Transfer	61000	0.18
				07/07/2017	14000	Transfer	75000	0.23
				28/07/2017	29000	Transfer	104000	0.31
				04/08/2017	1000	Transfer	105000	0.32
				11/08/2017	15000	Transfer	120000	0.36
				18/08/2017	2000	Transfer	122000	0.37
				08/09/2017	2020	Transfer	124020	0.37
				22/09/2017	1000	Transfer	125020	0.38
				06/10/2017	683	Transfer	125703	0.38
				13/10/2017	9800	Transfer	135503	0.41
				20/10/2017	4497	Transfer	140000	0.42
				27/10/2017	30600	Transfer	170600	0.51
				10/11/2017	5400	Transfer	176000	0.53
				17/11/2017	750	Transfer	176750	0.53
				24/11/2017	-750	Transfer	176000	0.53
				22/12/2017	-32318	Transfer	143682	0.43
			29/12/2017	-3182	Transfer	140500	0.42	
			05/01/2018	-500	Transfer	140000	0.42	
			12/01/2018	18000	Transfer	158000	0.48	
			26/01/2018	1200	Transfer	159200	0.48	
			02/02/2018	1400	Transfer	160600	0.48	
			16/02/2018	6800	Transfer	167400	0.50	
			23/02/2018	-150	Transfer	167250	0.50	
			02/03/2018	630	Transfer	167880	0.51	
			09/03/2018	560	Transfer	168440	0.51	
			23/03/2018	300	Transfer	168740	0.51	
			30/03/2018	100	Transfer	168840	0.51	
			31/03/2018		Transfer	168840	0.51	

SHAREHOLDING PATTERN OF TOP 10 SHAREHOLDERS BETWEEN 31/03/2017 AND 31/03/2018								
Sl no	Folio/ DP Id-Client id	Shareholding at the beginning of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
12	AAAHS5894J	151000	0.45	31/03/2017			151000	0.45
	DHARMESH R SHAH			31/03/2018			151000	0.45
13	AGZPM1199H	145477	0.44	31/03/2017			145477	0.44
	R.MUTHATHA			31/03/2018			145477	0.44

## (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
<b>A</b>	<b>Directors</b>				
1.	<b>Mr. M.M. Venkatachalam - Director</b>				
	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.	<b>Mr. M.A.M. Arunachalam - Director</b>				
	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
<b>B</b>	<b>Key Managerial Personnel [(KMP)]</b>				
1.	<b>Mr. N. Velappan- Manager</b>				
	At the beginning of the year	---	---	---	---
	Date wise Increase/ Decrease in Share holding during the year	---	---	---	---
	At the End of the year	---	---	---	---
2.	<b>Mr. R. Narayanan – CFO &amp; Company Secretary</b>				
	At the beginning of the year	---	---	---	---
	Date wise Increase/ Decrease in Share holding during the year	---	---	---	---
	At the End of the year	---	---	---	---

**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
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	2022	900	---	2922
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i + ii + iii)</b>	<b>2022</b>	<b>900</b>	<b>---</b>	<b>2922</b>
<b>Change In Indebtedness during the financial year</b>				
• Addition	10300	800		11100
• Reduction	7317	1500		8817
<b>Net Change</b>	<b>2983</b>	<b>(700)</b>		<b>2283</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	5005	200	---	5205
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i + ii + iii)</b>	<b>5005</b>	<b>200</b>	<b>---</b>	<b>5205</b>

**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	Total
1.	Gross salary	28,69,256	28,69,256
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	21,600	21,600
	(c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961		
2.	Stock Option		
3.	Sweat Equity		
4.	Commission		
	- As % of profit		
	- others, specify...		
5.	Others, please specify		
	<b>Total (A)</b>	<b>28,90,856</b>	<b>28,90,856</b>
	Ceiling as per the Act		42,00,000

## B. Remuneration to other directors:

₹

Sl. no.	Particulars of Remuneration	Name of Directors			Total
1.	Independent Directors • Fee for attending board /committee meetings • Commission • Others, please specify	N.V. RAVI 1,60,000	P. NAGARAJAN 1,60,000	R. SURENDRAN 1,60,000	4,80,000
	Total(1)	1,60,000	1,60,000	1,60,000	4,80,000
2.	Other Non-Executive Directors • Fee for attending board /committee meetings • Commission • Others, please specify	M.M. VENKATACHALAM 1,10,000	M.A.M. ARUNACHALAM 1,40,000	G. JALAJA 1,10,000	3,60,000
	Total(2)	1,10,000	1,40,000	1,10,000	3,60,000
	Total(B)=(1+2)	2,70,000	3,00,000	2,70,000	8,40,000
	Total Managerial Remuneration	2,70,000	3,00,000	2,70,000	8,40,000
	Over all Ceiling as per the Act				

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. R. Narayanan CFO & Company Secretary	TOTAL
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	31,22,990	31,22,990
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	21,600	21,600
	(c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961		
2.	Stock Option		
3.	Sweat Equity		
4.	Commission As % of profit - others, specify...		
5.	Others, please specify		
	Total	31,44,590	31,44,590

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act, 2013	Brief Description	Details of Penalty Punishment/ Compounding fees Imposed	Authority RD/ NCLT/Court	Appeal
<b>A. COMPANY</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
<b>B. DIRECTORS</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
<b>C. OTHER OFFICERS IN DEFAULT</b>					
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 Rs. 8.5 lakhs per month or Rs.102 lakhs per annum during 2017-18 as per Rule 5(2) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules 2014 duly amended by the Companies (Appointment & Remuneration of Managerial Personnel) Rules 2016 are as follows: NIL

B. Statement showing particulars of top ten employees in terms of remuneration drawn is given below:

S No	Name of the Employee	Designation	Remuneration received	Nature of Employment	Age	Last employment held by such employee before joining the company	Percentage of equity shares held by the employee in the company	Relationship of employee with Director
1.	R. Narayanan	CFO & CO. SECRETARY	31,44,590	Permanent	52	M/s Carborundum Universal Ltd	NIL	N A
2.	N. Velappan	ASST V P & MANAGER	28,90,856	Permanent	57	M/s E.I.D.- Parry (I) Ltd	NIL	N A
3.	P. Murugan	MANAGER-PROJECT	14,21,220	Permanent	50	M/s Consolidated Construction Co. Ltd.	NIL	N A
4.	S. Thilagam	DY.MANAGER-PLANNING	10,05,948	Permanent	51	M/s Bajaj Enterprises Ltd.	NIL	N A
5.	R. Selvakumar	SENIOR MANAGER – ACCOUNTS	9,83,844	Permanent	44	M/s Sundaram Finance Ltd.	NIL	N A
6.	M. Arokiarajan	MANAGER - P & M	9,56,389	Permanent	45	M/s Ramy Infrastructure Ltd	NIL	N A
7.	S. Krishnan	MANAGER CONTRACTS	9,33,072	Permanent	47	M/s Orissa Cement Ltd	NIL	N A
8.	Stanley Devakirubakan	MANAGER - MARKETING	9,26,797	Permanent	43	M/s Renuka Business Development Pvt Ltd	NIL	N A

S No	Name of the Employee	Designation	Remuneration received	Nature of Employment	Age	Last employment held by such employee before joining the company	Percentage of equity shares held by the employee in the company	Relationship of employee with Director
9.	K.N. Thirumalai	MANAGER - QS	8,37,811	Permanent	51	M/s ETA Ascon Ltd	Nil	N A
10.	K. Vivekanandan	MANAGER - HR & ADMIN	7,88,014	Permanent	53	Vivek Architects	0.006%	N A

C. The details of remuneration during the year 2017-18 as per Rule 5(1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules 2014, duly amended by Companies (Appointment & Remuneration of Managerial Personnel) Rules 2016 are as follows:

- (i) Percentage increase in the median remuneration of employees – 6.4%
- (ii) There were 88 permanent employees on the rolls of the Company as on 31<sup>st</sup> March, 2018.
- (iii) 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.
- (iv) 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/ (decrease)
N. Velappan	Asst. Vice President and Manager	-5%
R. Narayanan	CFO & Company Secretary	-5%

No remuneration was paid for Directors except sitting fees.

- (v) i. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year –(4%)
- ii. Percentile increase in the managerial remuneration-No remuneration other than sitting fees was paid to Directors and for Mr. N. Velappan , there was decrease of remuneration by 5%.

## REPORT ON CORPORATE GOVERNANCE

Your Directors have great pleasure in presenting the Corporate Governance Report for the year ended 31<sup>st</sup> March, 2018.

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 31<sup>st</sup> March, 2018 with knowledge and experience in different fields viz., Engineering, Manufacturing, Finance and Business Management etc. The Board comprises of non-executive directors and one half of the Board members are Independent Directors.

Non Executive Promoter Chairman	1
Non Executive Directors (including 1 Promoter Director)	2
Non Executive 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.



The names of the Directors and the details of other chairmanship / directorship / committee membership of each Director as on 31<sup>st</sup> March, 2018 are given below:

Name of Director	Category	Number of Directorships / (Chairmanships) in Companies including CEC	Number of Committee Memberships / (Chairmanships) in Companies including CEC
Mr. M.M. Venkatachalam	Non Executive, Promoter, Chairman	8(3)	8(2)
Mr. M.A.M Arunachalam	Non Executive, Promoter	4	3(1)
Mr. N.V. Ravi	Non Executive, Independent	3	(1)
Mr. P. Nagarajan	Non Executive, Independent	3	2(1)
Ms. G. Jalaja	Non Executive	3	1
Mr. R. Surendran	Non Executive, Independent	2	4(1)

**Notes:**

- Excluding Alternate Directorships and Directorships in Foreign companies, Private companies and Section 8 companies
- Only membership in Audit Committee and Stakeholders' Relationship Committee have been reckoned for committee memberships

**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 Six (6) times during the financial year ended 31<sup>st</sup> March, 2018 on 29<sup>th</sup> April, 2017, 25<sup>th</sup> July, 2017, 26<sup>th</sup> October, 2017, 08<sup>th</sup> January, 2018, 25<sup>th</sup> January, 2018 and 22<sup>nd</sup> March, 2018. 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 22<sup>nd</sup> March 2018 without the attendance of non-independent directors and members of the management.

**Details of Board members as on 31<sup>st</sup> March, 2018 and Attendance at Board Meetings**

Sl. No.	Date of Meeting	Board Strength	No. of Directors present
1	29.04.2017	6	6
2	25.07.2017	6	6
3	26.10.2017	6	5
4	08.01.2018	6	6
5	25.01.2018	6	6
6	22.03.2018	6	4

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 expenditure, 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	6	6	Yes
2.	Mr. M.A.M. Arunachalam	6	5	No
3.	Mr. N.V. Ravi	6	6	Yes
4.	Mr. P. Nagarajan	6	6	Yes
5.	Ms. G. Jalaja	6	5	No
6.	Mr. R. Surendran	6	5	Yes

**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. M.M. Venkatachalam (DIN:00152619), Director of the Company, retires by rotation at the ensuing Annual General Meeting, and being eligible, offers himself for re-appointment as a Director at the ensuing Annual General Meeting.

**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 and 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 26<sup>th</sup> July, 2017.

**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 31<sup>st</sup> March, 2018 on 29<sup>th</sup> April, 2017, 25<sup>th</sup> July, 2017, 26<sup>th</sup> October, 2017 and 25<sup>th</sup> January, 2018 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. R. Surendran	Member	4

#### 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 2017-2018. The dates on which the said meetings were held are 29<sup>th</sup> April, 2017, 25<sup>th</sup> July, 2017, 26<sup>th</sup> October, 2017 and 25<sup>th</sup> January, 2018.

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	3
Ms. G. Lalaja	Member	4
Mr. R. Surendran	Member	4

- 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, 2018 and reported to BSE Ltd. under Regulation 13 of the Listing Regulations are as follows:

Complaints as on April 1, 2017	Nil
Received during the year	Nil
Resolved during the year	NA
Pending as on March 31, 2018	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 as senior management personnel.
- 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

- Two Committee meetings were held during the financial year 2017-2018. The dates on which the said meetings were held are as follows: 29<sup>th</sup> April, 2017 and 25<sup>th</sup> July, 2017.
- 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	2
Mr.M.M. Venkatachalam	Member	2
Mr. P. Nagarajan	Member	2

#### 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:

- Attendance
- Preparedness for the Meeting
- Staying updated on developments
- Active participation at the meetings
- Constructive contribution
- Engaging with and challenging the management team without being confrontational or obstructionist
- Speaking one's mind and being objective
- 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 60<sup>th</sup> Annual General Meeting held on 31<sup>st</sup> July 2008, the commission was payable for a period of five financial years ending on 31<sup>st</sup> 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 25<sup>th</sup> 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 subsequent 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 Rs.10,000/- for attending each meeting of the Board/Committee was approved with effect from 01<sup>st</sup> 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](http://www.coromandelengg.com/Inv_policies.html).

#### d. Risk Management Committee

As per Regulation 21 of the Listing Regulations, the Company is not required to constitute Risk Management Committee since it is not coming under the top 500 listed entities determined on the basis of market capitalization in BSE Limited. However, the Company voluntarily constituted Risk Management Committee.

#### 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 22<sup>nd</sup> March, 2018.
- 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 Meeting attended during the year 2017-18
Mr. P. Nagarajan	Chairman	1
Mr. N.V. Ravi	Member	1
Mr. M.M.Venkatachalam	Member	1
Mr. N. Velappan	Member	1

**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 22<sup>nd</sup> March, 2018. 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 Meeting attended during the year 2017-18
Mr. R. Surendran	Chairman	-
Mr. M.A.M. Arunachalam	Member	1
Ms. G. Jalaja	Member	1

In view of the losses incurred by the Company in two of the three previous financial years and average of three years net profit being negative, 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 22<sup>nd</sup> March, 2018 to review

**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 31 <sup>st</sup> March	Venue	Day and Date	Time
2017	Narada Gana Sabha Trust, Mini Hall, No.314, TTK Road, Chennai – 600018	Wednesday 26.07.2017	9.30 A.M
2016	Narada Gana Sabha Trust, Mini Hall, No.314, TTK Road, Chennai – 600018	Friday 22.07.2016	10.00 A.M
2015	Narada Gana Sabha Trust, Mini Hall, No.314, TTK Road, Chennai – 600018	Wednesday 24.07.2015	10.00 A.M

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 are uploaded in the website of the Company, [http://www.coromandelengg.com/Inv\\_policies.html](http://www.coromandelengg.com/Inv_policies.html).

**Details of shareholding of Directors as on 31<sup>st</sup> March 2018**

As on 31<sup>st</sup> March, 2018, 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 Rs.10/- each and Mr. M.A.M. Arunachalam (DIN:00202958) holds 361610 equity shares of Rs.10/-each in the company. The Company has not issued any convertible instruments. Other Directors do not hold any share in the Company.

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

Date of AGM	Whether any Special Resolution was passed	Particulars
26.07.2017	No	No special Resolution had been passed
22.07.2016	No	No special Resolution had been passed
24.07.2015	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](http://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 Manager and Chief Financial Officer have given the annual certification on financial reporting and internal controls to the Board.

The Associate Vice President and Manager and Chief Financial Officer have also given quarterly certification on financial results, while placing the financial results before the Board, in terms of Regulation 33 of the 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, 2018.

- **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 requirements 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](http://www.coromandelengg.com/Inv_policies.html)).

Transactions with the related parties are disclosed in Note No 38 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 31<sup>st</sup> March, 2018. 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](http://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](mailto: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
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

Place: Chennai  
Date: 26<sup>th</sup> April, 2018

M.M.VENKATACHALAM  
(DIN:00152619)  
Chairman

## CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

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

To,  
The Members  
**MESSRS. COROMANDEL ENGINEERING COMPANY LIMITED**  
'Parry House', 5<sup>th</sup> Floor, 43, Moore Street,  
Chennai – 600 001

We have examined all relevant records of Coromandel Engineering Company Limited (CIN : L74910TN1947PLC000343), having its Registered Office at Parry House, 5<sup>th</sup> Floor, 43, Moore Street, Parrys, Chennai – 600 001, for the purpose of certifying compliance of the conditions of Corporate Governance under Regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E 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 for the financial year ended March 31, 2018. 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 and the representations made by the Management, we certify that the Company has complied regarding the conditions of Corporate Governance as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended 31<sup>st</sup> March, 2018.

For R Sridharan & Associates  
Company Secretaries

Place: Chennai  
Date : 26<sup>th</sup> April, 2018

CS R Sridharan  
FCS No. 4775  
CP No. 3239  
UIN : S2003TN063400

## DECLARATION OF CODE OF CONDUCT

The Board of Directors  
Coromandel Engineering Company Limited, 5<sup>th</sup> 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 31<sup>st</sup> March 2018, as envisaged in Schedule V to the Listing Regulations.

**Place: Chennai**  
Date: 26<sup>th</sup> April 2018

**N.VELAPPAN**  
ASSOCIATE VICE PRESIDENT & MANAGER

## GENERAL SHAREHOLDER INFORMATION

**Registered Office**

“Parry House”, 5<sup>th</sup> Floor, No.43, Moore Street,  
Chennai –600 001

**Corporate Identification Number**

L74910TN1947PLC000343

**Annual General Meeting**

Day : Tuesday

Date : 24<sup>th</sup> July, 2018

Venue : “Mini Hall” Narada Gana Sabha Trust  
No.314, TTK Road, Chennai 600 018

Time : 9:30 a.m.

Financial year: 1<sup>st</sup> April, 2017 to 31<sup>st</sup> March, 2018

**Date of Book Closure**

Tuesday the 17<sup>th</sup> day of July 2018 to Tuesday the  
24<sup>th</sup> day of July 2018 (Both days inclusive)

**Listing on Stock Exchange -**

BSE Limited

Phiroze Jeejeebhoy Towers, Dalal Street, Fort  
Mumbai – 400 001

Listing fees for the year 2018-2019 has been paid to  
the BSE Limited.

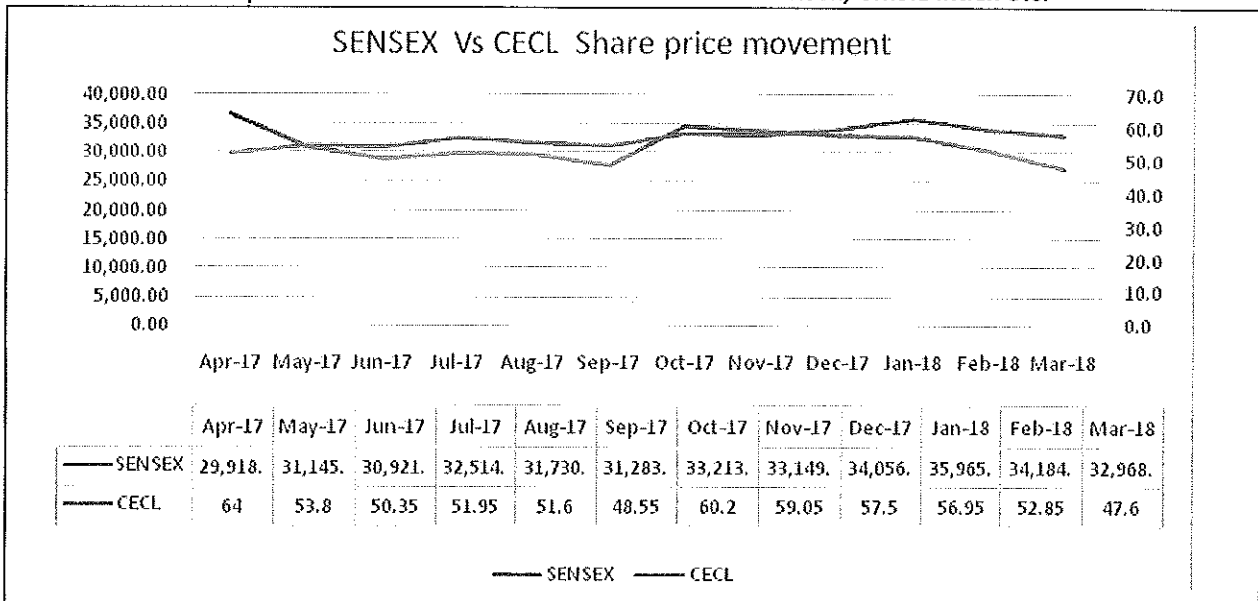
**Stock Code**

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 1<sup>st</sup> April, 2017 up to 31<sup>st</sup> March, 2018 are as follows:

Month	High ₹	Low ₹	No. of Shares
Apr 2017	64.00	39.75	13,50,771
May 2017	62.90	49.00	7,72,597
Jun 2017	57.00	47.55	3,70,937
Jul 2017	59.95	48.00	5,03,842
Aug 2017	56.10	47.50	1,93,039
Sep 2017	55.35	48.25	3,03,959
Oct 2017	62.60	48.00	9,62,568
Nov 2017	63.80	53.50	3,38,123
Dec 2017	60.90	54.50	1,70,306
Jan 2018	68.30	53.70	10,10,330
Feb 2018	59.00	50.10	1,70,941
Mar 2018	56.30	45.00	3,09,128

**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 31.03.2018**

Category	No. of Shareholders	No. of Shares	% of Shareholding
Promoter Companies	20	2,10,92,874	63.47
Resident Individuals	4,374	71,49,572	21.51
Promoters	27	22,15,683	6.68
Body Corporates	86	5,57,674	1.68
Directors	2	8,13,220	2.45
H U F	227	7,53,802	2.27
Directors' relatives	10	5,35,630	1.61

Category	No. of Shareholders	No. of Shares	% of Shareholding
Non Resident Indians	10	56,587	0.17
NBFCs	2	22,000	0.07
Clearing Members	9	5,439	0.02
Trusts	1	4,800	0.01
Non Resident Indians - Non Repatriable	9	7,479	0.00
IEPF	1	18,838	0.06
<b>Total</b>	<b>4,778</b>	<b>3,32,33,598</b>	<b>100.00</b>

#### Distribution of shareholding as on 31.03.2018

Category		No. of shareholders	% to total No.	No. of Shares	% of holding
1	5000	3,548	74.26	4,07,562	1.23
5001	10000	420	8.79	3,61,854	1.09
10001	20000	250	5.23	3,94,658	1.19
20001	30000	138	2.89	3,57,806	1.08
30001	40000	60	1.26	2,18,198	0.65
40001	50000	69	1.44	3,30,922	0.99
50001	100000	119	2.49	9,03,171	2.72
Greater than 100000		174	3.64	3,02,59,427	91.05
<b>TOTAL</b>		<b>4,778</b>	<b>100.00</b>	<b>3,32,33,598</b>	<b>100.00</b>

	No. of Shareholders	% to total No.	No. of Shares	% of holding
Shareholders in				
Physical Mode:	853	17.85	49,856	0.15
Electronic Mode :				
NSDL	2,197	45.98	2,19,47,885	66.04
CDSL	1,728	36.17	1,12,35,857	33.81
<b>TOTAL</b>	<b>4,778</b>	<b>100.00</b>	<b>3,32,33,598</b>	<b>100.00</b>

#### 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, 5 <sup>th</sup> 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 : +91-4023420814 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 31.03.2018:**

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(FormSH.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 31<sup>ST</sup> MARCH, 2018

[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" 5<sup>th</sup> 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 31<sup>st</sup> March, 2018 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 31<sup>st</sup> March 2018 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 thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (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 thereunder 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) Regulation, 2015;
  - c) During the year under review, the Company has not issued any new securities mandating compliance of the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - 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 provisions 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 Electricity, fire, gas cylinders, etc.;
6. Other local laws as applicable to various sites and offices.

With respect to Fiscal laws, 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.
- (ii) The Uniform Listing Agreement entered with BSE Limited pursuant to the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 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. There is no change in the composition of the Board of Directors during the period under review.

Adequate notice is given to all directors before the 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. Agenda / notes on agenda which are circulated less than the specified period, the necessary compliances under the Companies Act, 2013 and Secretarial Standards on Board Meetings are complied with.

Based on the verification of the records and minutes, the decisions were carried out with the consent 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 the review of compliance mechanism established by the Company and on the basis of the Compliance certificate(s) issued by the Company Secretary and CFO 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 SRINIDHI SRIDHARAN & ASSOCIATES**  
COMPANY SECRETARIES

CS SRINIDHI SRIDHARAN

PLACE : CHENNAI

CP No. 17990

DATE : 26<sup>TH</sup> APRIL, 2018

ACS No. 47244

UIN : S2017TN472300

## 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 M/s COROMANDEL ENGINEERING COMPANY LIMITED ("the Company"), which comprise the Balance sheet as at 31<sup>st</sup> March 2018, the Statement of Profit and Loss and the Cash Flow Statement for the financial period 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 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. 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 the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's 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 the 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 the accounting policies used and the reasonableness of the accounting estimates made by the 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

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:

- (a) of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2018;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. 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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.
- (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March 2018, taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure 2".
- (g) 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 30.
  - ii. The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.

Place: Chennai  
Date: 26.04.2018

For CNGSN & ASSOCIATES LLP  
Chartered Accountants  
F.R.No.004915S/ S200036  
C N GANGADARAN  
Partner  
Membership No 011205

## ANNEXURE 1 TO THE AUDITOR'S REPORT

Referred to in Paragraph 1 of Report on Other Legal and Regulatory Requirements of our Report of even date

- i) a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such physical verification.
- c) There are no immovable properties held by the company.
- ii. Physical verification of inventory has been conducted at reasonable intervals by the management and no material discrepancies were noticed on such verification.
- 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. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits during the year. Accordingly, reporting under this clause does not arise.
- vi. The Central Government has vide notification dated 3<sup>rd</sup> June 2011 prescribed the maintenance of cost records by various classes of companies. We have broadly reviewed books of accounts maintained by the company pursuant to the rules under section 148 (1) 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 of the Company and information and explanations given to us, the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. There are no undisputed statutory dues outstanding for more than six months.
- b) As at 31<sup>st</sup> March 2018 according to the records of the Company, the following are the particulars of the disputed dues on account of value added tax and entry tax:

S.No	Nature of Dues	Amount Disputed (₹ in Lakhs)	Amount paid under protest (₹ in Lakhs)	Forum where Pending
1	Andhra Pradesh VAT	43.32	28.37	The Appellate Deputy Commissioner(CT) (2006-07 & 2007-08)
2	Telangana VAT	86.50	26.62	STAT, Hyderabad (2010-11 to 2012-13)
3	Tamil Nadu Entry Tax	2.99	2.99	Additional Commissioner, Chennai (AY 2012-13)

- viii. Based on our audit procedures and according to the information and explanations given to us by the management, we are of the opinion that the company has not defaulted in repayment of loans or borrowings to a financial institution, bank, Government. The company has not issued any debentures.
- ix. The company has not raised money by way of initial public offer or further public offer during the Current year and the term loans were applied for the purposes for which those were raised.
- x. In our opinion and according to the information and explanations given to us, no fraud by the company or any fraud on the company by its officers or employees has been noticed or reported during the financial period.
- xi. In our opinion and according to the information and explanations given to us, managerial remuneration has been provided in accordance with the requisite approvals mandated by Section 197 read with Schedule V of the Companies Act, 2013.
- xii. In our opinion, the Company is not a Nidhi Company. Accordingly, clause xii of Para 3 of Companies (Auditors Report) Order 2016 is not applicable.
- xiii. In our opinion and according to the information and explanation given to us, 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 under review.

Based on the above para, matters referred in clause (xiv) of paragraph 3 of Companies (Auditors Report) Order 2016 is not applicable.

- xv. In our opinion and according to the information and explanations given to us, the Company has not entered into any non - cash transactions with directors or persons connected with the Directors. Accordingly, clause xv of Para 3 of Companies (Auditors Report) Order 2016 is not applicable.
- xvi. In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause xvi of Para 3 of Companies (Auditors Report) Order 2016 is not applicable.

**For CNGSN & ASSOCIATES LLP**  
Chartered Accountants  
LLP - F.R.No.004915S/S200036

Place : Chennai  
Date : 26.04.2018

**C.N GANGADARAN**  
Partner  
Membership No.11205

## ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT

### 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 M/s COROMANDEL ENGINEERING COMPANY LIMITED ("the Company") as of March 31, 2018 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 judgement, 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 authorizations of management and directors of the company;

and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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, 2018, 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 CNGSN & ASSOCIATES LLP**  
Chartered Accountants  
LLP - F.R.No.004915S/S200036

Place : Chennai  
Date : 26.04.2018

**C.N GANGADARAN**  
Partner  
Membership No.011205

**BALANCE SHEET**

(₹ in lakhs)

Particulars	Note No.	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>A ASSETS</b>				
1 Non-current assets				
(a) Property, Plant and Equipment	4 a	1,688.49	2,065.53	2,454.12
(b) Capital work-in-progress		-	-	-
(c) Intangible assets	4 b	-	-	1.53
(d) Financial Assets				
(i) Investments	5	19.17	17.67	17.03
(ii) Trade receivables	6	7.93	27.37	34.07
(iii) Other Financial Assets		-	-	-
(e) Deferred tax assets (net)	7	1,369.50	1,535.42	1,517.85
(f) Other non-current assets	8	365.00	415.00	415.00
<b>Total Non - Current Assets</b>		<b>3,450.09</b>	<b>4,060.99</b>	<b>4,439.60</b>
2 Current assets				
(a) Inventories	9	4,373.77	1,225.25	1,295.97
(b) Financial Assets				
(i) Investments		-	-	-
(ii) Trade receivables	10	935.73	2,019.12	2,463.55
(iii) Cash and cash equivalents and bank balances	11	12.03	14.35	160.86
(iv) Other Financial assets	12	126.53	110.98	117.12
(c) Other current assets	13	1,174.91	1,548.46	2,403.90
<b>Total Current Assets</b>		<b>6,622.97</b>	<b>4,918.16</b>	<b>6,441.40</b>
<b>Total Assets ( 1+2 )</b>		<b>10,073.06</b>	<b>8,979.15</b>	<b>10,881.00</b>
<b>B EQUITY AND LIABILITIES</b>				
1 Equity				
(a) Equity Share capital	14	3,323.36	3,323.36	3,323.36
(b) Other Equity excluding non-controlling interests	14 a	(1,655.02)	(401.97)	368.42
<b>Total equity attributable to owners of the Company</b>		<b>1,668.34</b>	<b>2,921.39</b>	<b>3,691.78</b>
2 Non-current liabilities				
(a) Financial Liabilities				
(i) Preference Capital	15	700.00	700.00	700.00
(ii) Borrowings	16	3,589.80	-	-
(iii) Trade payables		-	-	-
(iv) Other financial liabilities	17	154.40	112.40	67.66
(b) Provisions	18	17.87	52.80	50.66
(c) Deferred tax liabilities (Net)		-	-	-
(d) Other non-current liabilities		-	-	-
<b>Total Non - Current Liabilities</b>		<b>4,462.07</b>	<b>865.20</b>	<b>818.32</b>
3 Current liabilities				
(a) Financial Liabilities				
(i) Borrowings	19	1,214.74	2,921.57	2,502.72
(ii) Trade payables	20	845.10	1,423.07	2,017.76
(iii) Other financial liabilities	21	1,395.63	655.24	1,252.64
(b) Provisions		-	-	-
(c) Other current liabilities	22	487.18	192.68	597.78
<b>Total Current Liabilities</b>		<b>3,942.65</b>	<b>5,192.56</b>	<b>6,370.90</b>
<b>Total Equity and Liabilities (1+2+3)</b>		<b>10,073.06</b>	<b>8,979.15</b>	<b>10,881.00</b>

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

As per our report of even date  
For CNGSN & Associates  
Chartered AccountantsC.N. GANGADARAN  
Partner  
Membership no.: F11205  
Chennai  
26<sup>th</sup> April, 2018M.A.M. ARUNACHALAM  
Director  
R. NARAYANAN  
Chief Financial Officer & Company Secretary

On Behalf of the Board

M.M.VENKATACHALAM  
Chairman



## STATEMENT OF PROFIT AND LOSS

(₹ in lakhs)

Particulars		Note	For the year ended March 31, 2018		For the year ended March 31, 2017	
I	Revenue from Operations	23	3,250.08		3,133.84	
II	Other Income	24	87.64		70.59	
III	<b>Total Revenue ( I + II )</b>			<b>3,337.72</b>		<b>3,204.43</b>
IV	Expenses					
	(a) Materials consumed	25	1,249.35		933.74	
	(b) Changes in Inventories	26	99.08		(0.00)	
	(c) Sub-contracting Expenses		1,532.38		1,318.64	
	(d) Employee Benefit Expenses	27	418.73		493.31	
	(e) Finance Cost	28	355.03		361.90	
	(f) Depreciation and Amortisation Expenses	4	368.00		389.55	
	(g) Other Expenses	29	406.12		492.71	
	<b>(h) Total Expenses</b>			<b>4,428.69</b>		<b>3,989.85</b>
V	<b>Profit/(loss) before tax (III-IV)</b>			<b>(1,090.97)</b>		<b>(785.42)</b>
VI	Tax expense/(gain)					
	(1) Current tax			-		-
	(2) Deferred tax			165.92		(17.57)
VII	<b>Net Profit/(loss) after tax</b>			<b>(1,256.89)</b>		<b>(767.85)</b>
VIII	Add: Other Comprehensive Income/(Loss)					
	Items that will not be reclassified to Profit or Loss					
	(a) Remeasurements of the defined benefit liabilities / asset			2.34		(3.18)
	(b) Equity instruments through other comprehensive income			1.50		0.64
	<b>Other Comprehensive Income/(Loss) Total</b>			<b>3.84</b>		<b>(2.54)</b>
IX	<b>Total Comprehensive Income</b>			<b>(1,253.05)</b>		<b>(770.39)</b>
X	Earnings per equity share (Rs)					
	(1) Basic			<b>(3.78)</b>		<b>(2.31)</b>
	(2) Diluted			<b>(3.78)</b>		<b>(2.31)</b>

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

As per our report of even date  
For CNGSN & Associates  
Chartered AccountantsC.N. GANGADARAN  
Partner  
Membership no.: F11205  
Chennai  
26<sup>th</sup> April, 2018M.A.M. ARUNACHALAM  
DirectorR. NARAYANAN  
Chief Financial Officer & Company Secretary

On Behalf of the Board

M.M.VENKATACHALAM  
Chairman

**A. Equity Share Capital - Refer Note no 14**

(₹ in lakhs)

Balance as at April 01, 2016	3,323.36
Balance as at March 31, 2017	3,323.36
Balance as at March 31, 2018	3,323.36

**B. Statement of changes in other Equity**

Particulars	Reserves and Surplus					Items of Other Comprehensive Income	Total
	Capital Reserve	General Reserve	Investment Allowance Reserve	Securities Premium Account	Retained earnings	Reserve for equity instruments	
Balance at beginning of the Year - April 01, 2016	7.24	551.72	77.71	2440.80	(2720.88)	11.83	368.42
Loss for the year					(767.85)		(767.85)
Other Comprehensive income for the year					(3.18)	0.64	(2.54)
Total Comprehensive income for the year					(771.03)	0.64	(770.39)
Balance at end of the year - March 31, 2017	7.24	551.72	77.71	2440.80	(3491.91)	12.47	(401.97)
Loss for the year					(1256.89)		(1256.89)
Other Comprehensive income for the year					2.34	1.50	3.84
Total Comprehensive income for the year					(1254.55)	1.50	(1253.05)
Balance at end of the year - March 31, 2018	7.24	551.72	77.71	2440.80	(4746.46)	13.97	(1655.02)

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

As per our report of even date  
For CNGSN & Associates  
Chartered Accountants

**C.N. GANGADARAN**  
Partner  
Membership no.: F11205  
Chennai  
26<sup>th</sup> April, 2018

**M.A.M. ARUNACHALAM**  
Director

**R. NARAYANAN**  
Chief Financial Officer & Company Secretary

On Behalf of the Board

**M.M.VENKATACHALAM**  
Chairman

## CASH FLOW STATEMENT

(₹ in lakhs)

	For the Year ended March 31, 2018		For the Year ended March 31, 2017	
<b>Cash Flow from Operating Activities</b>				
Net Profit/ (Loss) before tax as per Statement of Profit & Loss		(1,090.97)		(785.42)
Depreciation and amortisation expenses	368.00		389.55	
Finance Cost	355.03		361.90	
Interest Income	(17.44)		(4.34)	
Dividend Income	(0.67)		(0.66)	
Provision for doubtful debts no longer required	(26.70)		0.00	
(Profit) / Loss on sale/W.off of assets (Net)	7.84	686.06	(1.06)	745.39
<b>Operating Profit before working capital changes</b>		(404.91)		(40.03)
<b>Adjustment for :</b>				
Trade and other Receivables	1,009.33		1,403.86	
Inventories	(3,148.52)		70.72	
Trade and other Payables	24.32	(2,114.87)	(1,598.22)	(123.64)
<b>Cash Generated from Operations</b>		(2,519.78)		(163.67)
Direct Taxes Refund/(Paid)(Net)		530.19		55.94
<b>Net Cash from/(used) in Operating Activities</b>		(1,989.59)		(107.73)
<b>Cash Flow from Investing Activities</b>				
Purchase of Property, Plant and Equipment	(13.90)		(3.30)	
Sale of Property, Plant and Equipment	15.10		4.93	
Interest income	17.44		4.34	
Dividend Received	0.67		0.66	
<b>Net Cash from Investing Activities</b>		19.31		6.63
<b>Cash flow from Financing Activities</b>				
Loans availed/(repaid) (Net)	2,282.97		418.85	
Finance Charges	(313.03)		(317.16)	
<b>Net Cash from/(used in) Financing Activities</b>		1,969.94		101.69
<b>Net increase/ (decrease) in Cash and Cash Equivalents</b>		(0.34)		0.59
<b>Opening balance of Cash and Cash Equivalents</b>		2.17		1.58
<b>Closing balance of Cash and Cash Equivalents</b>		1.83		2.17

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

As per our report of even date  
For CNGSN & Associates  
Chartered Accountants

C.N. GANGADARAN  
Partner  
Membership no.: F11205  
Chennai  
26<sup>th</sup> April, 2018

M.A.M. ARUNACHALAM  
Director

R. NARAYANAN  
Chief Financial Officer & Company Secretary

On Behalf of the Board

M.M.VENKATACHALAM  
Chairman

**STATEMENT SHOWING THE APPLICABLE KEY ACCOUNTING STANDARDS UNDER IND AS WITH RELATED ACCOUNTING POLICY AND NOTES REFERENCES FOR THE FINANCIAL STATEMENTS**

Ind AS No	Description	Accounting Policy No	Note No
2	Inventories	3.9	9
7	Statement of Cash flows	3.17	11
10	Event after the reporting period		42
12	Income tax	3.14	7
16	Property, Plant and Equipment	3.4,3.7	4 a
18	Revenue	3.10	34
19	Employee benefits	3.13	39
24	Related party disclosures		38
33	Earnings per share	3.16	35
37	Provisions, Contingent liabilities and assets	3.15	18,21,30
38	Intangible assets	3.6,3.7	4 b
101	First time adoption of Indian Accounting Standards		41
107	Financial instruments - Disclosures	3.18	40
108	Operating segments		36
113	Fair value measurements	3.2	40

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018****1. CORPORATE INFORMATION**

Coromandel Engineering Company Limited (CEC) was incorporated as a Public Limited Company in the year 1947 and the Equity Shares of the Company are listed in BSE Ltd. CEC is in the business of Construction and Property Development.

**2. APPLICATION OF NEW AND REVISED IND AS**

The financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules 2015.

**3. SIGNIFICANT ACCOUNTING POLICIES****3.1. Statement of Compliances**

Upto the year ended March 31, 2016, the financial statements has been prepared in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the first Ind AS financial statements. The date of transition to Ind AS is April 1, 2016. Refer Note : 41 for the details of first time adoption exemptions availed by the Company.

**3.2. Basis of preparation and presentation of Financial Statements**

The financial statements have been prepared and presented in accordance with the Indian Accounting Standards (Ind AS) as prescribed by the Companies (Indian Accounting Standards) Rules, 2015 and Schedule III of the Companies Act, 2013 ("the Act"). The financial statements are presented in Indian Rupees (INR), which is also the functional currency.

The financial statements have been prepared under the historical cost convention, except for certain financial instruments that are measured at fair

values at the end of each reporting period, as explained in accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use as in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- b. Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly;

- c. Level 3 inputs are unobservable inputs for the asset or liability;

### 3.3. Use of estimates and judgements

The preparation of the financial statements requires the management to make estimates, assumptions and judgements that affect the reported amount of assets and liabilities, income and expenses. Actual amounts could differ from these estimates.

Estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognized prospectively.

Judgements are made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements.

### 3.4. Property, Plant and Equipment

Property, Plant and Equipment are valued at historical 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.

### 3.5. Depreciation

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

### 3.6. Intangible Assets and amortization

Intangible assets (computer software) acquired separately are carried at cost less accumulated amortization. Amortization is recognized on a straight-line basis over their estimated useful life as determined under Schedule II of the Companies Act, 2013.

### 3.7. Deemed Cost on transition to Ind AS

On transition to Ind AS, the company has elected to continue with the carrying value of all its tangible and intangible assets recognized as of April 01, 2016 (transition date) measured as per the previous GAAP and used that carrying value as its deemed cost as of the transition date.

### 3.8. Investments in equity instruments at FVTOCI

On initial recognition, the Company had made an irrevocable election on instrument by instrument basis, pertaining to investment in equity instruments, to present the subsequent changes in fair value in other comprehensive income.

Dividend on these investments is recognized when the Company's right to receive the dividend is established and recognized in profit and loss in "other income" head.

### 3.9. 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.

### 3.10. Revenue Recognition

Revenue is recognized to the extent that is probable that the economic benefits will flow to the Company and the revenue can be measured, irrespective of when the payment is being made. Revenue is measured at the fair value of the billing whether received or to be received, net of taxes collected on behalf of the Government.

- i) Revenue in respect of Construction Contracts, is recognised on percentage of completion method.

- ii) In case of Property development, Percentage of completion is arrived at as the proportion of costs incurred (including directly attributable borrowing costs) up to the Balance Sheet date to the estimated total project costs.
- iii) In case of indivisible works contracts, revenues are recognized on percentage completion method, synchronised to the billing schedules agreed by the customers.
- iv) 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.
- v) 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.
- vi) Bill raised for value of work done in respect of completed and ongoing contracts including retention on bill is disclosed as proceeds on contracts.
- vii) Sale of goods is recognized when the goods are delivered and titles have passed.
- viii) Sales are recorded net of trade discounts/ rebates exclusive of taxes collected on behalf of Government.

### 3.11. Other Income

- i) Dividend Income from investments is recognized when the right to receive payment has been established.
- ii) Interest Income from a financial asset is recognized and accrued on time proportion basis
- iii) Insurance claims are accounted on the basis of claims admitted and to

the extent amount recoverable can be measured reliably

### 3.12. 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 recognized in profit and loss in the period they are incurred.

### 3.13. 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 recognized at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by the employees upto the reporting date.

##### 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 by independent Actuary. Remeasurement, comprising actuarial gains and losses, the effect of the changes to asset ceiling (if any) and the return on plan assets (excluding net interest), is recognized in Other Comprehensive income in the period in which they occur and this is not reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of plan amendment.

**3.14. Taxation**

Provision for current tax is made based on the liability computed in accordance with the relevant tax rates and tax laws. Current income tax assets and liabilities are measured at the amount expected to be received or payable to taxation authorities.

Deferred tax is recognized on temporary differences between the carrying amount of assets and liabilities in the financial statements and corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all

deductible tax differences to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

**3.15. Provisions & Contingent Liabilities/ Assets:**

Provisions are recognized for known liabilities that can be measured where the Company has a present obligation as a result of past event. It is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed for possible obligation which will be confirmed only by future events not wholly within the control of the Company or present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognized in the financial statements.

**3.16. Earnings per share**

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expenses or income related to the dilutive potential equity shares by the weighted average number of equity shares considered for basic earnings per share and the weighted average number of equity shares including



those which could have been issued on the conversion of all dilutive potential equity shares.

### 3.17. Cash flow statement

Cash flows are reported using the indirect method, whereby the profit/(loss) and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The Cash flows from operating, investing and financing activities of the Company are segregated based on available information.

For this purpose, cash comprises of cash on hand and demand deposits with banks. Cash equivalents are short term balances with original maturity of three months or less from the date of acquisition, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

### 3.18. Financial instruments

Financial assets and liabilities are recognized where the Company

becomes a party to the contractual provisions of the instruments. They are initially measured at fair value.

All regular way purchases or sale of financial assets are recognized or derecognized on a trade date basis. All recognized financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt and equity instruments issued by a Company are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangements and the definition of financial liabilities and equity instrument.

### 3.19. Operating cycle

Based on the nature of activities of the Company and the normal time between acquisition of assets and their realization into cash/cash equivalents, the operating cycle has been determined as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2018****NOTE 4 A PROPERTY, PLANT AND EQUIPMENT**

(₹ in lakhs)

Carrying amounts of:	31.03.2018	31.3.2017	01.04.2016
Office Buildings	0.00	0.00	0.00
Plant and equipment	1,676.05	2,056.23	2,434.55
Furniture and fittings	0.44	0.92	1.17
Vehicles	10.89	3.32	4.13
Office Equipment	0.90	2.91	10.25
Computers	0.21	2.15	4.02
<b>Total</b>	<b>1,688.49</b>	<b>2,065.53</b>	<b>2,454.12</b>

	Office Buildings	Plant and equipment	Furniture and Fittings	Vehicles	Office Equipment	Computers	Total
<b>Cost or deemed cost</b>							
Balance at April 1, 2016 (Deemed cost)	23.11	3,912.24	2.95	6.19	52.15	62.16	4,058.80
Additions	-	2.76	-	-	0.54	-	3.30
Disposals	-	25.26	0.26	-	0.51	-	26.03
Balance at March 31, 2017	23.11	3,889.74	2.69	6.19	52.18	62.16	4,036.07
Additions	-	3.25	-	10.00	0.65	-	13.90
Disposals	-	63.48	1.41	-	24.96	18.94	108.79
Balance at March 31, 2018	23.11	3,829.51	1.28	16.19	27.87	43.22	3,941.18
<b>Accumulated depreciation and impairment</b>							
Balance at April 1, 2016	23.11	1,477.69	1.78	2.06	41.90	58.14	1,604.68
Depreciation expense	-	377.53	0.16	0.81	7.65	1.87	388.02
Eliminated on disposals	-	21.71	0.17	-	0.28	-	22.16
Balance at March 31, 2017	23.11	1,833.51	1.77	2.87	49.27	60.01	1,970.54
Depreciation expense	-	363.55	0.09	2.43	1.31	0.62	368.00
Eliminated on disposals	-	43.60	1.02	-	23.61	17.62	85.85
Balance at March 31, 2018	23.11	2,153.46	0.84	5.30	26.97	43.01	2,252.69
<b>Carrying amount</b>							
Balance at April 1, 2016	-	2,434.55	1.17	4.13	10.25	4.02	2,454.12
Additions	-	2.76	-	-	0.54	-	3.30
Disposals	-	3.55	0.09	-	0.23	-	3.87
Depreciation expense	-	377.53	0.16	0.81	7.65	1.87	388.02
Balance at March 31, 2017	-	2,056.23	0.92	3.32	2.91	2.15	2,065.53
Additions	-	3.25	-	10.00	0.65	-	13.90
Disposals	-	19.88	0.39	-	1.35	1.32	22.94
Depreciation expense	-	363.55	0.09	2.43	1.31	0.62	368.00
Balance at March 31, 2018	-	1,676.05	0.44	10.89	0.90	0.21	1,688.49

**Assets pledged as security**

Property, Plant and Equipment have been pledged as security for long term loan taken during the year.

**Capitalised borrowing cost :**No Borrowing cost has been capitalised on property, plant and equipment for the year ended 31<sup>st</sup> March 2018 & 31<sup>st</sup> March 2017.

## NOTE 4 B

## INTANGIBLE ASSETS

(₹ in lakhs)

Carrying amounts of :	As at		
	31.03.2018	31.3.2017	01.04.2016
Software & Licensing	-	-	1.53
	-	-	1.53

		Software and Licensing	Total
<b>Cost or deemed cost</b>			
Balance at April 1, 2016		26.68	26.68
Additions		-	-
<b>Balance at March 31, 2017</b>		<b>26.68</b>	<b>26.68</b>
Additions		-	-
Disposals		-	-
<b>Balance at March 31, 2018</b>		<b>26.68</b>	<b>26.68</b>

		Software and Licensing	Total
<b>Accumulated depreciation and impairment</b>			
Balance at April 1, 2016		25.15	25.15
Amortisation expense		1.53	
<b>Balance at March 31, 2017</b>		<b>26.68</b>	<b>26.68</b>
Amortisation expense		-	-
<b>Balance at March 31, 2018</b>		<b>26.68</b>	<b>26.68</b>

		Software and Licensing	Total
<b>Carrying amount</b>			
Balance at April 1, 2016		-	1.53
Additions		-	-
Amortisation expense		-	1.53
<b>Balance at March 31, 2017</b>		<b>-</b>	<b>-</b>
Additions		-	-
Amortisation expense		-	-
<b>Balance at March 31, 2018</b>		<b>-</b>	<b>-</b>

**Significant intangible assets**

The Company does not hold any intangible assets that materially affect the business operations of the company.

**Adoption of transitional provisions under Ind AS 101 :-**

In accordance with Ind-AS transitional provisions, the company opted to consider previous GAAP carrying value of Property, plant and equipment and intangible assets as deemed cost on the transition date.

**NOTE 5  
NON CURRENT INVESTMENTS**

	Face Value	Quantity as at			Value as at		
		31.03.2018	31.03.2017	01.04.2016	31.03.2018	31.03.2017	01.04.2016
(A) Instruments at Fair Value Through Other Comprehensive Income (FVTOCI)	Rs.				Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
Shares in companies - Non Trade							
Quoted (fully paid up)							
Cholamandalam Investments & Finance Co Ltd	10	262	262	262	3.80	2.53	1.89
Sri Vajra Granites Ltd	10	100	100	100	0.00	0.00	0.00
Un Quoted (fully paid up)							
New India Co-operative Bank Ltd	10	50000	50000	50000	15.37	15.14	15.14
				<b>Total</b>	<b>19.17</b>	<b>17.67</b>	<b>17.03</b>

Particulars	As at		
	31.03.2018	31.03.2017	01.04.2016
(a) Aggregate market value of quoted investments	3.80	2.53	1.89
Aggregate carrying value of unquoted investments	15.37	15.14	15.14
(b) Financial assets designated at FVTOCI	19.17	17.67	17.03
Mandatorily measured at FVTPL	0.00	0.00	0.00

**NOTE 6  
TRADE RECEIVABLES**

(₹ in lakhs)

	As at		
	31.03.2018	31.03.2017	01.04.2016
a) Unsecured, considered good	7.93	27.37	34.07
b) Doubtful	90.07	116.77	116.90
Less: Provision for doubtful receivables	90.07	116.77	116.90
	<b>7.93</b>	<b>27.37</b>	<b>34.07</b>

- Trade receivables are generally due between 30 days to 60 days based on submission and certification of invoices.
- Credit risk is managed at client and contract level. At the time of entering into contracts, the credit period is mutually agreed and varies from contract to contract.
- The Company has evaluated on contract to contract basis for computing credit loss allowance, if any, for the receivables.
- Some trade receivables may be past due over 365 days without being impaired considering the certainty of realisation.

## NOTE 7

## DEFERRED TAX ASSET/(LIABILITY) NET

(₹ in lakhs)

	As at		
	31.03.2018	31.03.2017	01.04.2016
a) Timing Difference			
- Depreciation	(91.31)	(152.97)	(183.81)
- Expenses allowed on payment basis	23.89	25.50	33.00
- Provision for doubtful receivables and advances	25.06	38.61	44.38
b) Unabsorbed Business losses	1,411.86	1,624.28	1,624.28
	<b>1,369.50</b>	<b>1,535.42</b>	<b>1,517.85</b>

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences.

Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of: (a) deductible temporary differences; b) the carry forward of unused tax losses; and (c) the carry forward of unused tax credits.

Particulars	Balance as at	Recognised in		Balance as at
	31.03.2017	Profit & loss	Other comprehensive Income	31.03.2018
<b>Breakup for deferred tax assets (net):</b>				
Accelerated depreciation for tax purposes	(152.97)	61.66		(91.31)
Expenses allowed on payment basis	25.50	(1.61)		23.89
Allowances for doubtful receivables and advances	38.61	(13.55)		25.06
Carry forward of unused tax losses	1,624.28	(212.42)		1,411.86
	<b>1,535.42</b>	<b>(165.92)</b>	-	<b>1,369.50</b>

Particulars	Balance as at	Recognised in		Balance as at
	01.04.2016	Profit & loss	Other comprehensive Income	31.03.2017
<b>Breakup for deferred tax assets (net):</b>				
Accelerated depreciation for tax purposes	(183.81)	30.84		(152.97)
Expenses allowed on payment basis	33.00	(7.50)		25.50
Allowances for doubtful receivables and advances	44.38	(5.77)		38.61
Carry forward of unused tax losses	1,624.28	-		1,624.28
	<b>1,517.85</b>	<b>17.57</b>	-	<b>1,535.42</b>

**NOTE 8  
OTHER NON CURRENT ASSETS**

(₹ in lakhs)

	As at		
	31.03.2018	31.03.2017	01.04.2016
Advance for properties	365.00	415.00	415.00
Less : Provision for doubtful advances	-	-	-
	<b>365.00</b>	<b>415.00</b>	<b>415.00</b>

**NOTE 9  
INVENTORIES**

	As at		
	31.03.2018	31.03.2017	01.04.2016
a) Raw Materials at cost	256.02	222.42	293.14
b) Work-in-Progress at cost	903.75	903.75	903.75
c) Finished Apartments at cost	3,214.00	99.08	99.08
	<b>4,373.77</b>	<b>1,225.25</b>	<b>1,295.97</b>

- a. The method of valuation of inventories has been stated in Note No. 3.9  
b. The above inventories are expected to be recovered in the normal operating cycle of the Company

**NOTE 10  
TRADE RECEIVABLES (UNSECURED)**

	As at		
	31.03.2018	31.03.2017	01.04.2016
<b>Unsecured - Considered good</b>			
Outstanding for a period exceeding six months from the due date of payment			
(a) <b>Unsecured, considered good</b>	<b>83.40</b>	<b>50.19</b>	<b>64.52</b>
Doubtful	19.88	-	-
Less: Provision for doubtful debts	19.88	-	-
	<b>83.40</b>	<b>50.19</b>	<b>64.52</b>
Other Receivables			
(b) <b>Unsecured, considered good</b>	<b>852.33</b>	<b>1,968.93</b>	<b>2,399.03</b>
Doubtful			
Less: Provision for doubtful debts	-	-	-
	<b>852.33</b>	<b>1,968.93</b>	<b>2,399.03</b>
<b>Total (a + b)</b>	<b>935.73</b>	<b>2,019.12</b>	<b>2,463.55</b>

- a) Trade receivables are generally due between 30 days to 60 days based on submission and certification of invoices.  
b) Credit risk is managed at client and contract level. At the time of entering into contracts, the credit period is mutually agreed and varies from contract to contract.  
c) The Company has evaluated on contract to contract basis for computing credit loss allowance, if any, for the receivables.

**NOTE 11****CASH AND CASH EQUIVALENTS AND BANK BALANCES**

(₹ in lakhs)

	As at		
	31.03.2018	31.03.2017	01.04.2016
a) Cash on hand	0.70	1.20	1.02
b) Current Account balance with Banks	1.13	0.97	0.56
	<b>1.83</b>	<b>2.17</b>	<b>1.58</b>
Restricted balances			
c) Earmarked Accounts - Unclaimed Dividend-Refer Note No 21	0.69	1.13	2.65
d) Margin Money - For Bank Guarantees	9.51	11.05	156.63
	<b>12.03</b>	<b>14.35</b>	<b>160.86</b>

During the year, the Company has not entered into any non-cash transactions on investing and financing activities.

**NOTE 12****OTHER FINANCIAL ASSETS**

	As at		
	31.03.2018	31.03.2017	01.04.2016
a) Deposits	126.53	110.98	117.12
	<b>126.53</b>	<b>110.98</b>	<b>117.12</b>

**NOTE 13****OTHER CURRENT ASSETS**

	As at		
	31.03.2018	31.03.2017	01.04.2016
Loans and Advances to suppliers and subcontractors	20.91	19.49	145.89
Unbilled Contract in progress	552.89	304.68	1015.51
Advance Tax & TDS receivable	39.24	594.92	650.86
Balance with Statutory Authorities	538.65	581.07	569.71
Others	23.22	48.30	21.93
	<b>1,174.91</b>	<b>1,548.46</b>	<b>2,403.90</b>

**NOTE 14****EQUITY SHARE CAPITAL**

(₹ in lakhs)

	As at	As at	As at
	31.03.2018	31.03.2017	01.04.2016
<b>Authorised</b>			
Equity Shares			
4,00,00,000 (01 April 2016 & 31 March 2017 : 4,00,00,000) equity shares of Rs.10 each	4,000.00	4,000.00	4,000.00
	4,000.00	4,000.00	4,000.00
<b>Issued</b>			
Equity Shares			
3,32,77,278(01 April 2016 & 31 March 2017 : 3,32,77,278) Equity shares of Rs. 10 each #	3,327.73	3,327.73	3,327.73
	3,327.73	3,327.73	3,327.73
<b>Subscribed and Paid Up</b>			
Equity Shares			
3,32,33,598 (01 April 2016 & 31 March 2017 : 3,32,33,598) Equity shares of Rs. 10 each	3,323.36	3,323.36	3,323.36
	<b>3,323.36</b>	<b>3,323.36</b>	<b>3,323.36</b>

# - Issued Equity Share Capital includes 43680 Equity Shares of Rs. 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;			
Equity Shares	31.03.2018	31.03.2017	01.04.2016
At the beginning of the period	3,32,77,278	3,32,77,278	3,32,77,278
Outstanding at the end of the period	3,32,77,278	3,32,77,278	3,32,77,278
b. Terms/rights attached to equity shares :			
The company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend, if proposed by the Board of Directors, is subject to approval of the shareholders in the ensuing annual general meeting. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts.			

c. Shares in the company held by each shareholder holding more than 5 percent shares							
		As at		As at		As at	
		31.03.2018		31.03.2017		01.04.2016	
S No	Name of the Shareholder	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	Carborundum Universal Limited	3042900	9.16	3042900	9.16	3042900	9.16
2	Cholamandalam Distribution Services Limited	2500100	7.52	2500100	7.52	2500100	7.52
3	Dare Investments Limited	2500100	7.52	2500100	7.52	2500100	7.52



c. Shares in the company held by each shareholder holding more than 5 percent shares							
		As at		As at		As at	
		31.03.2018		31.03.2017		01.04.2016	
S No	Name of the Shareholder	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding
4	Murugappa Holdings Limited *	-	-	2500100	7.52	2500100	7.52
5	Parry Agro Industries Limited	2500100	7.52	2500100	7.52	2500100	7.52
6	Parry Infrastructure Company Private Limited	2500100	7.52	2500100	7.52	2500100	7.52
7	Ambadi Investments Limited *	3492579	10.51				

\* - On account of Merger of Murugappa Holdings Limited with Ambadi Investments Limited.

(₹ in lakhs)

#### NOTE 14 A

Other equity excluding non-controlling interests

	As at	As at	As at
	31.03.2018	31.03.2017	01.04.2016
a) Capital Reserve	7.24	7.24	7.24
b) General Reserve			
As Per last Balance Sheet	551.72	551.72	551.72
Add : Transfer from Statement of Profit and Loss	-	-	-
	551.72	551.72	551.72
c) Investment Allowance Reserve	77.71	77.71	77.71
d) Securities Premium Account	2,440.80	2,440.80	2,440.80
e) Retained earnings :			
Balance as per last financial statement	(3,491.91)	(2,720.88)	(2,720.88)
Add : Net profit/(Loss) after tax for the year	(1,254.55)	(771.03)	
Appropriations :			
Less : Transfer to General Reserve	-	-	-
Balance available for Appropriation	(4,746.46)	(3,491.91)	(2,720.88)
f) Items of Other Comprehensive Income :			
Reserve for equity instruments	13.97	12.47	11.83
	<b>(1,655.02)</b>	<b>(401.97)</b>	<b>368.42</b>

Capital Reserve includes the amounts received as Capital subsidy from Government of Tamil Nadu and those arising out of amalgamation in earlier years.

General Reserve is a free reserve, retained from Company's profits and can be utilised upon fulfilling certain conditions in accordance with the Companies Act.

Investment Allowance Reserve consists of reserves created in earlier years as per provisions of Income Tax Act, based on Capital expenditure incurred in those years.

Securities Premium account represents the premium received towards allotment of 16,47,390 Rights issue shares in 2008-09 and 2,99,38,818 Rights issue shares in 2013-14, net of utilisation for permitted purposes under Companies Act. Balance will be utilised in accordance of provisions of Section 52 and Section 68 of the Companies Act.

Balance in Retained earnings, when positive, can be distributed by the Company as dividends to its equity shareholders, in compliance of the Companies Act and depending on the financial position and dividend policy of the Company.

Reserve for equity instruments represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through Other Comprehensive income, which will be reclassified to retained earnings when those assets are disposed off.

**NOTE 15****PREFERENCE CAPITAL**

(₹ in lakhs)

		As at		
		31.03.2018	31.03.2017	01.04.2016
<b>Authorised</b>				
	25,00,000(01 April 2016 & 31 March 2017:25,00,000) preference shares of Rs.100 each	2,500.00	2,500.00	2,500.00
<b>Issued</b>				
	7,00,000(01 April 2016 & 31 March 2017:7,00,000) Preference Shares of Rs. 100 each issued on Preferential basis	700.00	700.00	700.00
<b>Subscribed and Paid Up</b>				
	7,00,000(01 April 2016 & 31 March 2017:7,00,000) Preference Shares of Rs. 100 each issued on Preferential basis	700.00	700.00	700.00
<b>a. Reconciliation of the number of shares outstanding at the beginning and end of the reporting period;</b>				
	At the beginning of the period	7,00,000	7,00,000	7,00,000
	Issued during the period	-	-	-
	Redeemed during the period	-	-	-
	Outstanding at the end of the period	7,00,000	7,00,000	7,00,000
<b>b. Terms/rights attached to preference shares :</b>				
The preference shares are cumulative in nature and by virtue of agreement with Preference Shareholders, the date of redemption is extended upto 22nd August 2019 and Dividend is waived upto 12th November, 2014. The Preference Shareholders are entitled to fixed dividend of 7% per annum upto 21st August 2016 and 6% per annum from 22nd August 2016.Dividend not paid for an year will be paid in arrears, in subsequent year, subject to availability of Profits and other statutory requirements.				

**NOTE 16****LONG TERM BORROWINGS**

	As at	As at	As at
	31.03.2018	31.03.2017	01.04.2016
<b>Secured</b>			
Term Loan from Banking company	400.00		
Term Loan from Non Banking Financial Institution	3,189.80		
	<b>3,589.80</b>	-	-

- a) Term Loan from Banking Company is net of current maturities of Rs.400 L (included in note no 21) and is repayable in installments till January 2020. Interest rate is variable linked to 1 year MCLR rate. This loan is secured against the Plant, Property and Equipment of the Company.
- b) Term Loan from Non Banking Financial Institution is repayable by February 2021, bullet repayment with option for pre-payment out of cash flows arising out of underlying property development assets, against which charge is created for the loan. Interest rate is linked to long term lending rate.

**NOTE 17**  
**OTHER FINANCIAL LIABILITIES**

(₹ in lakhs)

	As at	As at	As at
	31.03.2018	31.03.2017	01.04.2016
Liability towards fixed dividend on Preference Shares	154.40	112.40	67.66
	<b>154.40</b>	<b>112.40</b>	<b>67.66</b>

The dividend on Preference Shares due at 7% from 13th November 2014 to 21st August 2016 and at 6% from 22nd August 2016 to 31st March 2018, remains unpaid and provided in "Finance Charges" is included above.

**NOTE 18**  
**LONG TERM PROVISIONS**

	As at	As at	As at
	31.03.2018	31.03.2017	01.04.2016
a) Provision for Employee benefits	17.87	27.32	25.18
b) Provision for taxation	-	25.48	25.48
	<b>17.87</b>	<b>52.80</b>	<b>50.66</b>

The movement in provision for employee benefits reflect the net additional provision made/settlements during the respective periods.

**NOTE 19**  
**SHORT TERM BORROWINGS**

	As at	As at	As at
	31.03.2018	31.03.2017	01.04.2016
a) Cash Credit from Banks	414.74	821.57	1,502.72
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 Business)	300.00	800.00	800.00
c) Short term loan from Non Banking Financial Company (Secured against charge on the present and future current assets of Property Development Business )	300.00	400.00	
<b>Unsecured</b>			
d) Short term loan from Bank	200.00	900.00	200.00
	<b>1,214.74</b>	<b>2,921.57</b>	<b>2,502.72</b>

**NOTE 20**  
**TRADE PAYABLES**

(₹ in lakhs)

	As at	As at	As at
	31.03.2018	31.03.2017	01.04.2016
For Goods and Services			
a) Dues of Micro Enterprises and Small Enterprises (Note 31)	13.66	-	20.23
b) Dues of Others	831.44	1,423.07	1,997.53
	<b>845.10</b>	<b>1,423.07</b>	<b>2,017.76</b>

**NOTE 21**  
**OTHER FINANCIAL LIABILITIES**

	As at	As at	As at
	31.03.2018	31.03.2017	01.04.2016
<b>Secured</b>			
a) Current maturities of long term borrowings	400.00	-	-
<b>Unsecured</b>			
b) Outstanding Liabilities	939.29	575.60	1,056.99
c) Unclaimed Dividends	0.69	1.13	2.65
d) Provision for Employee Benefits	6.21	-	2.58
e) Other payables	49.44	78.51	190.42
	<b>1,395.63</b>	<b>655.24</b>	<b>1,252.64</b>

**NOTE 22**  
**OTHER CURRENT LIABILITIES**

	As at	As at	As at
	31.03.2018	31.03.2017	01.04.2016
a) Advance from customers-PDD	14.18	-	-
b) Advance from Customers	465.19	183.91	584.44
c) Statutory Liabilities	7.81	8.77	13.34
	<b>487.18</b>	<b>192.68</b>	<b>597.78</b>

**NOTE 23**  
**REVENUE FROM OPERATIONS**

(₹ in lakhs)

	For the year ended	
	31.03.2018	31.03.2017
Sale of Services		
a) Proceeds on contract	3,146.43	3,095.09
b) Proceeds on Property development	94.17	8.13
Other Operating revenues		
c) Service Income	-	0.06
d) Scrap and Sundry Sales	9.48	30.56
	<b>3,250.08</b>	<b>3,133.84</b>

**NOTE 24**  
**OTHER INCOME**

	For the year ended	
	31.03.2018	31.03.2017
a) Interest Income	17.44	4.34
b) Interest on Income Tax Refund	41.44	34.02
c) Dividend Income	0.67	0.66
d) Profit on Sale of Fixed Assets	0.01	2.31
e) Insurance Claim	0.52	29.07
f) Provision for doubtful debts no longer required	26.70	
g) Miscellaneous receipts	0.86	0.19
	<b>87.64</b>	<b>70.59</b>

**NOTE 25**  
**MATERIALS CONSUMED**

	For the year ended	
	31.03.2018	31.03.2017
a) Opening stock of Raw Materials	222.42	293.14
b) Add: Purchases	1,282.95	863.02
	1,505.37	1,156.16
c) Less: Closing stock of Raw Materials	256.02	222.42
	<b>1,249.35</b>	<b>933.74</b>

**NOTE 26**  
**CHANGES IN INVENTORIES**

(₹ in lakhs)

	For the year ended	
	31.03.2018	31.03.2017
a) Opening stock of		
Work-in-progress	903.75	903.75
Finished goods	99.08	99.08
b) Purchase	3,214.00	
c) Closing stock of		
Work-in-progress	903.75	903.75
Finished goods	3,214.00	99.08
(Increase)/ Decrease	99.08	(0.00)

**NOTE 27**  
**EMPLOYEE BENEFIT EXPENSES**

	For the year ended	
	31.03.2018	31.03.2017
a) Salaries, wages and bonus	361.30	425.00
b) Contribution to provident and other funds	28.50	44.00
c) Staff welfare expenses	28.93	24.31
	<b>418.73</b>	<b>493.31</b>

**NOTE 28**  
**FINANCE COST**

	For the year ended	
	31.03.2018	31.03.2017
a) Interest expenses	293.17	287.56
b) Fixed dividend on Preference Shares	42.00	44.74
c) Processing fees and others	19.86	29.60
	<b>355.03</b>	<b>361.90</b>

**NOTE 29**  
**OTHER EXPENSES**

	For the year ended	
	31.03.2018	31.03.2017
a) Transport & freight	37.77	20.71
b) Power & fuel	11.00	54.02
c) Rent	56.19	64.87
d) Rates and taxes	31.21	70.17
e) Repairs and maintenance	-	-

(₹ in lakhs)

	For the year ended	
	31.03.2018	31.03.2017
- Plant and Machinery	11.42	5.53
- Others	12.12	5.63
f) Plant hire charges	20.86	29.11
g) Insurance	31.79	34.60
h) Professional and consultancy charges	61.82	72.64
i) Travelling expenses	39.88	35.07
j) Communication and Postage expenses	22.92	32.89
k) Security & Watchward	26.88	41.40
l) Advertisement, Exhibition and Sales Promotion expenses	8.22	2.77
m) Printing and Stationery	5.74	5.82
n) Loss on sale of Fixed Assets (Net)	3.66	0.06
o) Fixed Assets written off	4.18	1.19
p) Provision for doubtful debts	-	-
q) Interest Expenses Property Development	-	-
r) Bank Charges	4.27	2.70
s) Payment to Auditors (see Note 32)	7.46	5.52
t) Directors Sitting Fees	6.80	6.00
u) Miscellaneous expenses	1.93	2.01
	<b>406.12</b>	<b>492.71</b>

**NOTE 30****CONTINGENT LIABILITY**

	For the year ended	
	31.03.2018	31.03.2017
1.1 Estimated amount of contracts remaining to be executed on capital account not provided for	NIL	NIL
1.2) 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)	1,100.53	1,182.65
1.2) b) Letter of credits issued by the Company's bankers for which the Company has given counter guarantees	3.14	14.06
1.3 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 Rs 28.37 Lacs deposited with the Commercial Tax Officer, Hyderabad)	43.32	43.32

(₹ in lakhs)

	For the year ended	
	31.03.2018	31.03.2017
Tamil Nadu-Entry tax for 2012-13 (Entire amount of Rs 2.99 Lacs deposited with the Commercial Tax Officer, Ranipet)	2.99	2.99
Odisha VAT Assessment for 2011-12 & 2012-13 (Entry Tax : Rs.6.80 Lakhs & VAT - Rs.28.13 Lakhs) (Entire amount of Rs.34.93 lakhs deposited with the Commercial Tax Officer, Berhampur)		34.93
Telangana Order passed by DC, VAT 2010-11 to 2012-13 (Appeal filed before SAT, Hyderabad). (paid Rs. 26.62 L )	86.50	-
<b>NOTE 31</b> <b>(i) Sundry Creditors include:</b> 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 (Refer Note 20). This is based on information collected by management and relied upon by Auditors	13.66	-
<b>NOTE 32</b> <b>Auditor's Remuneration (included in Note 29)</b>		
Statutory audit fees	4.25	3.25
Tax audit fees	1.40	1.00
Other services	1.35	1.25
Out of pocket expenses	0.46	0.02
<b>NOTE 33</b> <b>Turnover</b>		
Contract revenue	3,240.59	3,103.22
Service Income	-	0.06
Scrap & sundry sales	9.49	30.56
<b>NOTE 34</b> <b>Disclosure relating to Contracts</b>		
Contract revenue recognised	1,935.45	3,058.23
Contract costs incurred	1,755.18	2,830.00
Advances received	465.19	183.91
Retention	373.80	353.52
Dues from customers	196.00	1,053.19



(₹ in lakhs)

	For the year ended	
	31.03.2018	31.03.2017
<b>NOTE 35</b>		
<b>Basic/Diluted Earnings Per Share</b>		
- Profit/(loss) attributable to the Equity Shareholders	(1,256.89)	(767.85)
- No. of Adjusted Equity Shares Outstanding during the year	33,233,598	33,233,598
- Nominal value of Equity Share (Rs.)	10	10
- Basic Earnings Per Share (Rs.)	(3.78)	(2.31)
- Diluted Earnings Per share (Rs.)	(3.78)	(2.31)
<b>NOTE 36</b>		
As the Company's business activity falls within a single significant business segment, viz. "Construction", no separate segment reporting as per Accounting Standard 108 is disclosed		
<b>NOTE 37</b>		
Expenditure in Foreign currency	-	-
<b>NOTE 38</b>		
<b>Related Party</b>		
M/s Parry Enterprises India Ltd		
<b>Key Management Personnel</b>		
Mr. N. Velappan, Head Projects		
Mr. K. Ramakrishnan, Head Finance(Part of the Pre Year)		
Mr. R. Narayanan, CFO & Company Secretary		
<b>Transaction with Related Parties</b>		
Payment for services to M/s Parry Enterprises India Ltd	8.49	5.52
Remuneration to Key Management Personnel		
Mr. N. Velappan	28.91	30.36
Mr. K. Ramakrishnan (Part of previous year)		13.98
Mr. R. Narayanan	31.45	33.09

**NOTE 39****EMPLOYEE BENEFITS**

## a) Defined Contribution plans :

The Company operates defined contribution retirement benefit plans for all qualifying employees. The assets of the plans are held separately from those of the Company under the control of trustees. When any employee leaves the plans before full vesting of contributions, the contributions payable by the Company are reduced by the amount of contributions forfeited by said employee.

Contribution to Provident fund and Other funds under defined contribution plans are as follows :

	2017-18	2016-17
Amount recognised in Profit and Loss for the year	24.88	29.25

## b) Defined benefit plans :

The Company offers funded defined benefit plans for employees. Under the plans, the employees are entitled to post-retirement benefits amounting to 57.69% of last drawn monthly salary for each year of completed service until retirement age or resignation, subject to having specified years of service with the Company. The defined benefit plans are administered by separate funds, independent of the Company.

The above plans expose the Company to actuarial risks such as Investment, Interest rate, salary and longevity risk.

These risks typically arise out of movement in market yields, interest rate movements, rate of increase in salary of participants and their tenure with the Company. Some of the risks are partially offset by counter gains of the fund.

No other Post-retirement benefits are provided to the employees.

The actuarial valuation of the plan assets and present value of defined benefit obligation were carried out as at 31st March, 2018 by a certified actuary of the Institute of Actuaries of India. The present value of defined benefit obligation and the related current service cost and past service cost, were measured using the projected unit credit method.

(₹ in lakhs)

	2017-18	2016-17
<b>i) Changes in Present Value of Benefit Obligation- Gratuity</b>		
1 Present Value of Benefit Obligation at the beginning of the Period	62.89	72.01
2 Current Service Cost	1.25	0.75
3 Interest Cost	0.45	1.97
4 Benefits Paid	(10.59)	(15.02)
5 Actuarial (Gain)/Loss	(2.34)	3.18
6 Present value of Benefits Obligation at the end of the period	51.66	62.89
<b>ii) Changes in Fair Value of Plan Assets</b>		
1 Fair Value of Plan Assets at the beginning of the Period	54.90	65.11
2 Expected return on Plan Assets	3.94	4.81
3 Contributions	-	-
4 Benefits Paid	(10.59)	(15.02)
5 Actuarial gain/(Loss) on Plan assets	-	-
6 Fair Value of Plan Assets at the end of the period	48.25	54.90
<b>iii) Amount recognised in the Balance Sheet</b>		
1 Projected Benefit Obligation at the end of the period	51.66	62.89
2 Fair Value of Plan Assets at the end of the period	48.25	54.90
3 Funded Status of the Plan-Liability/(Asset)	3.41	7.99
<b>iv) Amount recognised in the Statement of Profit &amp; Loss/Other Comprehensive Income</b>		
1 Current Service Cost	1.25	0.75
2 Interest Cost	0.45	1.97
3 Expected return on Plan Assets	(3.94)	(4.81)
4 Net Actuarial (Gain)/Loss recognised in Other Comprehensive Income	(2.34)	3.18
5 Net Cost of defined benefit plan for the year	(4.59)	1.09
Of the above, break up for Net Actuarial (Gain)/Loss are as follows:		
Experience adjustments on plan liabilities - (loss)/gain	2.55	(2.63)
Impact of change in assumptions on plan liabilities - (loss)/gain	(0.21)	(0.55)
Experience adjustments on Plan assets - (loss)/gain	-	-
<b>v) Principal Actuarial Assumptions</b>		
1 Discount Rate	7.90%	7.70%
2 Estimated Rate of Return on Plan Assets	7.90%	7.70%
3 Expected rate of Salary increases	6%	6%
4 Attrition Rate	5%	5%
5 Mortality Table used -Indian Assured Lives Mortality (2006-08) Ultimate		

## NOTE 40 FINANCIAL INSTRUMENTS

### a) Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company's approach on capital management are

- a) Protecting the ability to continue as a going concern, so that return to shareholders and benefits to other stakeholders can be continuously provided
- b) Maintain capital structure in such a manner to minimise the weighted average cost of capital

### Debt to Equity Ratio

Particulars	31.03.2018	31.03.2017	31.03.2016
Debt (including Preference Capital)	5,904.54	3,621.57	3,202.72
Equity	1,668.34	2,921.39	3,691.78
Debt to Equity ratio	3.54	1.24	0.87

Covenants relating to various loans have been adhered to as on March 31, 2018.

### b) Categories of financial instruments

Particulars	31.03.2018	31.03.2017	31.03.2016
<b>i) Financial assets</b>			
<b>Measured at fair value through Profit or Loss (FVTPL) - mandatorily measured</b>	-	-	-
<b>Measured at Amortised cost</b>			
- cash and bank balances	12.03	14.35	160.86
- Other financial assets	1,070.19	2,157.46	2,614.74
<b>Measured at fair value through Other Comprehensive Income (FVTOCI)</b>			
- Investments in equity instruments designated at initial recognition	19.17	17.67	17.03
<b>ii) Financial liabilities (including borrowings/preference capital and payables)</b>	7,899.67	5,812.29	6,540.78

### c) Financial risk management objectives

Based on the Company's activities, it is exposed to market risk, liquidity risk and credit risk. The following explains the manner in which the Company manages the risk.

- i) Market risk arising from interest rate movement on long term borrowings are monitored through trend and sensitivity analysis and managed through negotiations.
- ii) Liquidity risk on account of borrowings and other liabilities are monitored through cash flow analysis and managed through having adequate sanctioned undrawn funded and non funded facilities. This addresses the financial liabilities portion.
- iii) Credit risk on account of trade receivables and financial assets measured at amortised cost are measured through ageing analysis, counter party risk analysis and financial analysis, managed through review of credit limits, follow up and secured mode of payment.

The risk management is governed by policies established with approval of Board of Directors. This is also reviewed by the Risk Management Committee of the Board and monitored by the senior management on periodic basis.

The Company does not have any risk associated with foreign currency transactions or price risk from current investments.

**Fair Value measurements**

The Company measures some of the financial assets and liabilities at fair value at the end of the reporting period.

The following gives the information on how the fair valuation is done :

(₹ in lakhs)

Financial assets and financial liabilities	Fair value as at			Fair value Hierarchy techniques	Valuation
	31.03.2018	31.03.2017	01.04.2017		
Investments in quoted/actively traded equity instruments at FVTOCI	3.80	2.53	1.89	Level 1	Market quoted bid price
Investments in other equity instruments at FVTOCI	15.37	15.14	15.14	Level 3	Valuation based on discounted cash flow

There were no changes in the fair value hierarchy levels in the above periods.

Fair value of financial assets and financial liabilities that are not measured at fair value, but requiring fair value disclosures

Financial assets held at amortised cost :	Carrying value as at			Fair value	Fair value
Non-Current Financial Assets	31.03.2018	31.03.2017	01.04.2017	Hierarchy	
Receivables	7.93	27.37	34.07	Level 2	No change
Current Financial Assets					
Receivables	935.73	2,019.12	2,463.55	Level 2	No change
Deposits	126.53	110.98	117.12	Level 3	No change
Non current financial liabilities					
Borrowings	3,589.80	-	-		No change
Preference Capital	700.00	700.00	700.00	Level 2	No change
Other financial liabilities	154.40	112.40	67.66	Level 2	No change
Current financial liabilities					
Borrowings	1,214.74	2,921.57	2,502.72	Level 2	No change
Trade payables	845.10	1,423.07	2,017.76	Level 2	No change
Other financial liabilities	1,395.63	655.24	1,252.64	Level 3	No change

**NOTE 41****TRANSITION TO IND AS**

The financial statements, for the year ended 31<sup>st</sup> March, 2018 are the first financial statements the Company has prepared in accordance with Ind AS. For periods upto and including year ended 31<sup>st</sup> March 2017, the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

The Company has accordingly prepared financial statements which comply with Ind AS applicable for periods ending 31<sup>st</sup> March 2018, together with the comparative period data as at and for the year ended 31 March 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's Opening Balance Sheet was prepared as at 01<sup>st</sup> April 2016, which is the Company's date of transition to Ind AS. Explanation on the transition from previous GAAP to Ind AS and how it has affected the Company's financial position and performance is given below:

- Transition election
- Reconciliation of Other equity reported under previous GAAP to Ind AS
- Reconciliation of Profits as reported under previous GAAP to Ind AS
- Reconciliation of Balance sheet as reported under previous GAAP to Ind AS
- Reconciliation of Statement of Profit and Loss account as reported under previous GAAP to Ind AS
- Adjustments to the Statement of Cash flows

## a) Transition election

## I) Optional exemptions :

While applying Ind AS principles for measurement of recognised assets and liabilities, the Company has availed certain optional exemptions, in addition to mandatory exceptions, as detailed below:

Deemed cost for property, plant and equipment and intangible assets, covered under Note 4, wherein Ind AS permits a first time adopting entity to elect to continue with the carrying value of all its property, plant and equipment as recognised in financial statements as at the date of transition to previous GAAP and use that as its deemed cost as at the date of transition to Ind AS has been availed by the Company.

Designation of previously recognised financial instruments wherein an entity may designate an investment in equity instrument as at fair value through Other Comprehensive Income in accordance with Ind AS 109 on the date of transition to Ind AS.

## II) Mandatory exceptions:

The mandatory exceptions applicable to the Company are Estimates, De-recognition of financial assets and liabilities.

## b) Reconciliation of Other equity as reported under previous GAAP to Ind AS

(₹ in lakhs)

	As at	
	31.03.2017	01.04.2016
Reserves and surplus as reported under previous GAAP	(302.04)	424.25
Ind AS adjustments that led to increase in equity		
Fair value of equity investments	12.47	11.83
b) Ind AS adjustments that lead to decrease in equity		
Impact of fixed dividend on preference capital	(112.40)	(67.66)
	(401.97)	368.42

## c) Reconciliation of profits reported under previous GAAP to Ind AS

	For the year
	2016-17
Profit as reported under previous GAAP	(726.29)
Ind AS adjustments that led to increase/(decrease) in profits	
Impact of valuation of employee benefit	3.18
Impact of fixed dividend on preference capital accounted as Interest cost	(44.74)
	(767.85)
Other Comprehensive income (net of Tax)	(2.54)
	(770.39)

## NOTE 41 (d)

RECONCILIATION OF BALANCE SHEET AS REPORTED UNDER PREVIOUS GAAP TO  
IND AS (₹ in lakhs)

A	Particulars	Note No.	As at 31.03.2017			As at 01.04.2016		
			Previous GAAP	Effect of transition to Ind AS	As per Ind AS Balance Sheet	Previous GAAP	Effect of transition to Ind AS	As per Ind AS Balance Sheet
	<b>ASSETS</b>							
1	<b>Non-current assets</b>							
	(a) Property, Plant and Equipment	4 a	2,065.53	-	2,065.53	2,454.12		2,454.12
	(b) Capital work-in-progress		-	-	-	-		-
	(c) Intangible assets	4 b	-	-	-	1.53		1.53
	(d) Financial Assets							
	(i) Investments	5	5.20	12.47	17.67	5.20	11.83	17.03
	(ii) Trade receivables	6	27.37	-	27.37	34.07		34.07
	(ii) Other Financial Assets				-	-		-
	(e) Deferred tax assets (net)	7	1,535.42	-	1,535.42	1,517.85		1,517.85
	(f) Other non-current assets	8	415.00	-	415.00	415.00		415.00
	<b>Total Non - Current Assets</b>		<b>4048.52</b>	<b>-</b>	<b>4,060.99</b>	<b>4,427.77</b>	<b>11.83</b>	<b>4,439.60</b>
2	<b>Current assets</b>							
	(a) Inventories	9	1,225.25	-	1,225.25	1,295.97		1,295.97
	(b) Financial Assets							
	(i) Investments				-	-		-
	(ii) Trade receivables	10	2,019.12	-	2,019.12	2,463.55		2,463.55
	(iii) Cash and cash equivalents and bank balances	11	14.35	-	14.35	160.86		160.86
	(iv) Other Financial assets	12	110.98	-	110.98	117.12		117.12
	(c) Other current assets	13	1,548.98	-	1,548.46	2,403.90		2,403.90
	<b>Total Current Assets</b>		<b>4,918.16</b>	<b>-</b>	<b>4,918.16</b>	<b>6,441.40</b>	<b>-</b>	<b>6,441.40</b>
	<b>Total Assets ( 1+2 )</b>		<b>8,966.68</b>	<b>12.47</b>	<b>8,979.15</b>	<b>10,869.17</b>	<b>11.83</b>	<b>10,881.00</b>
B	<b>EQUITY AND LIABILITIES</b>							
1	<b>Equity</b>							
	(a) Equity Share capital	14	3,323.36	-	3,323.36	3,323.36		3,323.36
	(b) Other Equity excluding non-controlling interests	14 a	(302.04)	(99.93)	(401.97)	424.25	(55.83)	368.42
	<b>Total equity attributable to owners of the Company</b>		<b>3,021.32</b>	<b>(99.93)</b>	<b>2,921.39</b>	<b>3,747.61</b>	<b>(55.83)</b>	<b>3,691.78</b>
	<b>LIABILITIES</b>							
2	<b>Non-current liabilities</b>							
	(a) Financial Liabilities							
	(i) Preference Capital	15	700.00	-	700.00	700.00		700.00
	(ii) Borrowings	16	-	-	-	-		-
	(iii) Trade payables		-	-	-	-		-
	(iv) Other financial liabilities	17	-	112.40	112.40	-	67.66	67.66
	(b) Provisions	18	52.80	-	52.80	50.66		50.66
	(c) Deferred tax liabilities (Net)		-	-	-	-		-
	(d) Other non-current liabilities		-	-	-	-		-
	<b>Total Non - Current Liabilities</b>		<b>752.80</b>	<b>112.40</b>	<b>865.20</b>	<b>750.66</b>	<b>67.66</b>	<b>818.32</b>
3	<b>Current liabilities</b>							
	(a) Financial Liabilities							
	(i) Borrowings	19	2,921.57	-	2,921.57	2,502.72		2,502.72
	(ii) Trade payables	20	1,423.07	-	1,423.07	2,017.76		2,017.76
	(iii) Other financial liabilities	21	655.24	-	655.24	1,252.64		1,252.64
	(b) Provisions		-	-	-	-		-
	(c) Other current liabilities	22	192.68	-	192.68	597.78		597.78
	<b>Total Current Liabilities</b>		<b>5,192.56</b>	<b>-</b>	<b>5,192.56</b>	<b>6,370.90</b>	<b>-</b>	<b>6,370.90</b>
	<b>Total Equity and Liabilities (1+2+3)</b>		<b>8,966.68</b>	<b>12.47</b>	<b>8,979.15</b>	<b>10,869.17</b>	<b>11.83</b>	<b>10,881.00</b>

## NOTE 41 (e)

RECONCILIATION OF STATEMENT OF PROFIT AND LOSS ACCOUNT AS REPORTED  
UNDER PREVIOUS GAAP TO IND AS

(₹ in lakhs)

		Note	For the year 2016-17		
			Previous GAAP	Effect of transition to Ind AS	As per Ind AS
I	Revenue from Operations	23	3,133.84		3,133.84
II	Other Income	24	70.59		70.59
III	<b>Total Revenue ( I + II )</b>		<b>3,204.43</b>		<b>3,204.43</b>
IV	Expenses				
	(a) Materials consumed and Land cost	25	933.74		933.74
	(b) Changes in Inventories	26	(0.00)		(0.00)
	(c) Sub-contracting Expenses		1,318.64		1,318.64
	(d) Employee Benefit Expenses	27	496.49	(3.18)	493.31
	(e) Finance Cost	28	317.16	44.74	361.90
	(f) Depreciation and Amortisation Expenses	4	389.55		389.55
	(g) Other Expenses	29	492.71	-	492.71
	(h) <b>Total Expenses</b>		<b>3,948.29</b>	<b>41.56</b>	<b>3,989.85</b>
V	<b>Profit/(loss) before tax (III-IV)</b>		<b>(743.86)</b>	<b>(41.56)</b>	<b>(785.42)</b>
VI	Tax expense/(gain)				
	(1) Current tax		-		-
	(2) Deferred tax		(17.57)		(17.57)
VII	<b>Net Profit/(loss) after tax</b>		<b>(726.29)</b>	<b>(41.56)</b>	<b>(767.85)</b>
VIII	Add: Other Comprehensive Income/(Loss)				
	Items that will not be reclassified to Profit or Loss				
	(a) Remeasurements of the defined benefit liabilities / asset			(3.18)	(3.18)
	(b) Equity instruments through other comprehensive income			0.64	0.64
	Other Comprehensive Income/(Loss) Total			(2.54)	(2.54)
IX	<b>Total Comprehensive Income</b>		<b>(726.29)</b>	<b>(44.10)</b>	<b>(770.39)</b>
X	Earnings per equity share (Rs)				
	(1) Basic		(2.19)	(0.12)	(2.31)
	(2) Diluted		(2.19)	(0.12)	(2.31)

**NOTE 41 (f)****ADJUSTMENTS TO THE STATEMENT OF CASH FLOWS**

The transition to Ind AS from Indian GAAP had no significant impact on cash flows generated by the Company. Cash flows relating to interest are classified in a consistent manner as operating, investing or financing for the year 2016-17.

The cash flows from Operating activities, investing activities, financing activities and net increase in cash and cash equivalents are the same as per Indian GAAP statement prepared earlier and statement prepared under Ind AS currently for the year 2016-17.

**NOTE 42****EVENTS AFTER THE REPORTING PERIOD**

There is no significant event to be reported that happened between the closing date and the date of meeting of Board of Directors.

**NOTE 43****APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were reviewed and recommended by the Audit Committee and has been approved by the Board of Directors in their respective meeting held on 26<sup>th</sup> April, 2018.



## NOTICE CONVENING THE SEVENTIETH ANNUAL GENERAL MEETING

NOTICE is hereby given that the SEVENTIETH Annual General Meeting of the members of COROMANDEL ENGINEERING COMPANY LIMITED will be held on Tuesday, the 24<sup>th</sup> July, 2018 at 9.30 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 31<sup>st</sup> March, 2018 and the Report of the Auditors thereon.
2. To appoint a Director in the Place of Mr. M.M. Venkatachalam (DIN:00152619), who retires by rotation and being eligible, offers himself for reappointment.
3. To approve the ratification of appointment of Statutory Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the Seventy First 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. CNGSN & Associates, LLP, Chartered Accountants, Chennai, bearing Firm Registration No. 004915S, who have offered themselves for 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 appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of Seventy First Annual General Meeting to be held in the year 2019 on a remuneration of Rs.4,25,000 /- (Rupees

Four Lakhs Twenty five Thousand only) plus the applicable taxes for the FY 2018-19 and reimbursement of travelling and out of pocket expenses incurred by them, be and is hereby approved and the Board may decide the remuneration payable to the Statutory Auditors for the subsequent years based on the recommendation of the Audit Committee.

### SPECIAL BUSINESS

4. To consider and if deemed 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) Second Amendment Rules, 2017, (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of Rs.90,000/- (Rupees Ninety Thousand only) plus applicable taxes 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 31<sup>st</sup> March, 2018 be and is hereby ratified and confirmed.

5. To consider and if deemed 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 01<sup>st</sup> May 2018 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 01<sup>st</sup> May 2018
- b) Remuneration:

Sl. No	Particulars	Amount
i	Basic/ Monthly	Rs.93,255/- till 30 <sup>th</sup> June, 2018 Upto Rs.1,05,215/- from 01 <sup>st</sup> July, 2018
ii	Allowances/ Monthly	Rs.1,14,870/- till 30 <sup>th</sup> June, 2018 Upto Rs. 1,18,460/- from 01 <sup>st</sup> July, 2018
iii	LTA	13% of annual Basic
iv	PF/SAF/Gratuity	As per statutory/trust rules/Company Policy
v	Medical Reimbursement & Hospitalisation	Rs.15,000 each per annum
vi	Car maintenance	Rs.15,000 per annum
vii	Variable pay	Rs.5,81,400/- linked to Performance
viii	Car fuel	At actual

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

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

**RESOLVED THAT** pursuant to the provisions of section 14 and all other applicable provisions of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof, for the time being in force) ("Act"), the approval of the members of the company be and is hereby accorded to the alteration of the existing Articles of Association of the company by adoption of a new set of Articles of

Association in substitution, and to the entire exclusion of the regulations contained in the existing Articles of Association of the company.

**RESOLVED FURTHER THAT** the board be and is hereby authorised to take such steps and do all such acts, deeds and things as is considered necessary, expedient, usual, proper or incidental in relation to the said matter and take such actions and give such directions as they may consider as necessary or desirable to give effect to this resolution including but not limited to incorporation of amendment/ suggestion/observations made by the Registrar of Companies, Chennai, Tamil Nadu.

On Behalf of the Board

M.M. VENKATACHALAM

(DIN: 00152619)

Chairman

Place: Chennai

Date: 26.04.2018

## 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 commencement of 70<sup>th</sup> 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. Corporate members intending to send their Authorized 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.
7. 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.
8. The Register of Members and the Share Transfer Books of the Company shall remain closed from Tuesday 17<sup>th</sup> July, 2018 to Tuesday, 24<sup>th</sup> July, 2018 (both days inclusive), for the purpose of Annual General Meeting.
9. 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.
10. The Dividend amounts, which remain unclaimed for the year 2010-11, 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).
11. The Securities and Exchange Board of India (SEBI) vide circular ref No.MRD/Dop/ CIR05/2007 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.
12. Copies of the Annual Report 2018 are being sent by electronic mode only to the members whose

Email ID's 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 2018 are being sent by electronic mode only. For members who have not registered their Email addresses, physical copies of the Annual Report 2018 are being sent by the permitted mode.

13. The Notice of the 70<sup>th</sup> 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 ID's are registered with the Company/ Registrars M/s. Karvy Computershare Private Limited, and have given consent for receiving communication electronically, the Notice of the 70<sup>th</sup> 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.
14. Members may also note that the Notice of the 70<sup>th</sup> Annual General Meeting and the Annual Report 2018 will also be available on the Company's website [www.coromandelengg.com](http://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](mailto:einward.ris@karvy.com).
15. 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.
16. 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 70<sup>th</sup> 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 17, 2018.

(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 17, 2018 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 17, 2018, 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](mailto: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 21, 2018

End of remote e-voting : At 5.00 p.m.

(IST) on July 23, 2018.

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](http://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 24, 2018.

(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](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 atleast 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 (xi) 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 AND SECRETARIAL STANDARDS ON GENERAL MEETINGS: (ITEM NO. 2)

##### Item No. 2

The Board of Directors (based on the recommendation of Nomination and Remuneration Committee) recommends the re-appointment of Mr. M.M. Venkatachalam (DIN:00152619), 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.M. Venkatachalam is a graduate in Agriculture and has done his Masters in Business Administration. He has been Director in the Company since 2009. He also holds the post of Director in other Companies like Ramco Cements Ltd., Coromandel International Ltd, EID Parry (India) Ltd., etc.,

##### Disclosure of relationships between Directors Inter-se

Nil

##### Name of listed entities (other than CEC) in which Mr. M.M. Venkatachalam holds directorship and committee membership - Enclosed.

Mr. M.M. Venkatachalam holds 451610 equity shares in the Company

##### Item No. 4

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 2017-18 at a remuneration of Rs.90,000/- (Rupees Ninety Thousand only) plus applicable taxes 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 by the members 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.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 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 1<sup>st</sup> May, 2018 on the terms and conditions as mentioned in the notice under item No. 5.

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.5.

The Board recommends the resolution set forth in Item No.5 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	2015-16	2016-17*	2017-18*
Gross Income	12,399.26	3,204.43	3,337.72
P B T	68.94	(785.42)	(1,090.97)
P A T	40.37	(767.85)	(1,256.89)
Net worth*	4,447.61	2,921.39	1,668.34
Dividend on Equity	---	---	---

\*- Figures for 2016-17 and 2017-18 as per Ind AS

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

ii. Information about the appointee:

1. Background details : Worked in Industry for 35 years occupying several senior positions, as given below.
2. Past remuneration : Re-Appointed with effect from 1<sup>st</sup> May, 2017 and past remuneration as Manager is given below.
3. Recognition or awards : - Nil
4. Job profile and his suitability

Mr. N. Velappan, aged 56 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 35 years of service, he has worked in Industrial, Commercial, Institutional & Residential Projects.

Mr. Velappan was trained in Construction of Silos and Chimneys using Slipform Technique by M/s Interform, Sweden which was applied in Dalmia Cements and T. V. Tower Construction at Shimoga, Projects. Further, the 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 CEC includes Dalmia Cements, T.V. 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 E.I.D.-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 CEC in 1996.

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

5. Remuneration proposed

Sl. No	Particulars	Amount paid	Amount proposed
i	Basic	Rs. 93,255/- month from 01 <sup>st</sup> May 2017 to 30 <sup>th</sup> April 2018	Rs. 93,255/- month till 30 <sup>th</sup> June, 2018. Upto Rs.1,05,215/- month from 01 <sup>st</sup> July, 2018
ii	Allowances	Rs. 1,14,870/- month from 01 <sup>st</sup> May 2017 to 30 <sup>th</sup> April 2018	Rs.1,14,870/- month till 30 <sup>th</sup> June, 2018 Upto Rs. 1,18,460/- month from 01 <sup>st</sup> July, 2018
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	Rs. 15,000 each per annum	Rs. 15,000 each per annum
vi	Car maintenance	Rs. 15,000 per annum	Rs. 15,000 per annum
vii	Variable pay	Rs. 5,33,200/- linked to Performance	Rs. 5,81,400/- 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

**Item No. 6**

The Ministry of Corporate Affairs has as on date notified substantive sections of the Act which deal with the general functioning of companies. The existing Articles of Association (“AOA”) of the company are as per the requirements of the Companies Act, 1956 and accordingly contain references to the

sections of the Companies Act, 1956. Considering that substantive sections of the Companies Act, 2013 which deal with the general functioning of the companies stand notified, It is proposed to replace the existing AOA with a new set of articles aligned with the provisions of the Act, including the rules framed there under. As per the provisions of section 14 of the Act, alteration of the AOA of the company needs to be approved by the members of the company.

The board of directors at its meeting held on 26<sup>th</sup> April, 2018 has accorded its approval for adoption of a new set of regulations as AOA in substitution, and to the entire exclusion, of the set of regulations contained in the existing AOA. The board of directors recommends the special resolution for approval of the members. The proposed AOA for Shareholder’s approval is available on the company’s website at [www.coromandelengg.com](http://www.coromandelengg.com) for perusal by the members.

None of the directors, key managerial personnel of the company and their relatives is concerned or interested, in the resolution.

**Note :** The new AOA and other documents referred in item no. 6 will be open for inspection by members at the registered office of the company on all working days between 11:00 a.m. and 1:00 p.m., till 24<sup>th</sup> July, 2018.

On Behalf of the Board

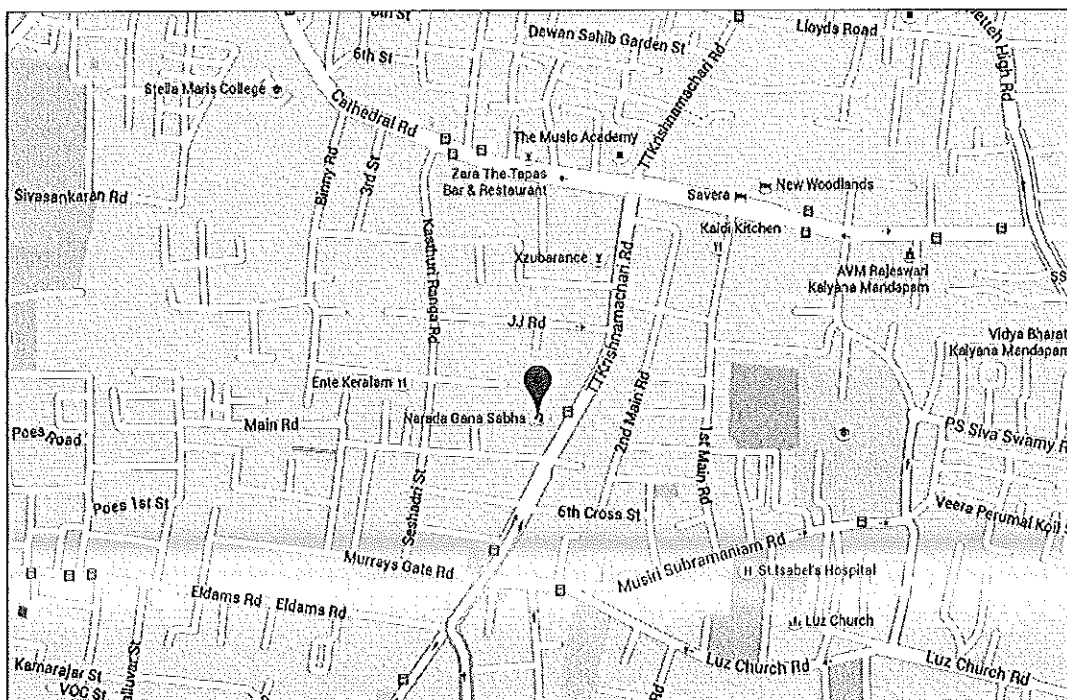
**M.M. VENKATACHALAM**

(DIN: 00152619)

Chairman

Place: Chennai

Date: 26.04.2018



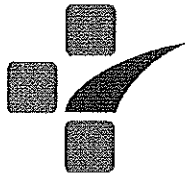
**Disclosure under Reg-36 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 1.2.5 of Secretarial Standards on General Meetings.**

Name of Director		M M Venkatachalam		
DIN		00152619		
Date of Birth		24.11.1958		
Date of Appointment (Initial)		31.07.2009		
Qualification		Graduate in Agriculture and has done his Masters in Business Administration from George Washington University, USA.		
Expertise in specific functional areas		He has held senior positions covering various functions in the Murugappa Group of Companies spanning a period of two and a half decades.		
Directorships in other Companies /Memberships in Board Committees of other Companies				
Name of the Company	Board	Audit Committee	Stakeholders Relationship Committee	Other Committees
The Ramco Cements Ltd	Director	Member	Chairman	1.Nomination and Remuneration Committee -Member 2.Corporate Social Responsibility Committee -Chairman
Ramco Systems Ltd	Director	Member		1.Nomination and Remuneration Committee - Chairman 2.Allotment Committee - Chairman 3.Fund Raising Committee - Member 4.Rights Issue 2013 Committee - Member 5. Corporate Social Responsibility Committee - Member
Coromandel Engineering Company Limited	Chairman			1.Nomination and Remuneration Committee - Member 2.Risk Management Committee - Member
Coromandel International Limited	Director	Member		1.Nomination and Remuneration Committee -- Member Corporate Social Responsibility Committee -- Member
E I D Parry (I) Ltd	Director	Member		
Parry Agro Industries Limited	Chairman	Member	Chairman	1.Nomination and Remuneration Committee(Member) 2.Corporate Social Responsibility Committee (Chairman)
New Ambadi Estates Private Limited	Chairman			1. Corporate Social Responsibility Committee (Chairman)
Ambadi Enterprises Limited	Chairman	Member		1.Nomination and Remuneration Committee (Member) 2.Corporate Social Responsibility Committee (Member)
Ambadi Investments Limited	Director			
M M Muthiah Sons Private Limited	Director			
M M Muthiah Research Foundation	Director			
Ootacamund Club	Director			
USV Private Limited	Director	Member		1. Corporate Social Responsibility Committee (Member)
Alampara Hotels And Resorts Private Limited	Director			

Note: for further details, please refer the Corporate Governance Report Section of the Annual Report

No. of shares in the Company	451610
Inter-se relationship with any other Directors of KMP of the Company	Nil





*If undelivered please return to:*

**COROMANDEL ENGINEERING COMPANY LIMITED**

Registered Office :

Parry House, V Floor, 43, Moore Street, Chennai - 600 001

Ph: +91-44-25301700 | [www.coromandelengg.com](http://www.coromandelengg.com)