



COROMANDEL ENGINEERING COMPANY LIMITED

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**FIFTY NINTH
ANNUAL REPORT
2006 - 2007**



COROMANDEL ENGINEERING COMPANY LIMITED

BOARD OF DIRECTORS

Shri M.A.M. ARUNACHALAM
Shri S. VISHNUMOHAN
Shri K.T. KUMAR
Shri S.S. RAJSEKAR

BANKERS

INDIAN BANK

AUDITORS

M/s. SUNDARAM & SRINIVASAN
Chartered Accountants
23, C.P. Ramaswamy Road
Alwarpet, Chennai - 600 018.

REGISTERED OFFICE

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

COROMANDEL ENGINEERING COMPANY LIMITED

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the **FIFTY NINTH Annual General Meeting of COROMANDEL ENGINEERING COMPANY LIMITED** will be held on **MONDAY the 6TH August 2007 at 3 00 pm at Conference Room, 3rd Floor, at "PARRY HOUSE", No.43, Moore Street, Chennai 600 001** to transact the following business.

Ordinary Business

1. To receive, consider and adopt the Directors' Report and the Audited Profit and Loss Account for the year ended 31st March, 2007 and the Balance Sheet as at that date and the Report of the Auditors' thereon.
2. To declare a dividend
3. To resolve not to fill the vacancy, for the time being, caused by the retirement of Mr. Vishnumohan, who retires by rotation in terms of Articles 92 of the Company's Articles of Association and does not seek re-appointment.
4. To appoint Statutory Auditors and to fix their remuneration Messrs. Sundaram & Srinivasan, Chartered Accountants, the retiring Auditors are eligible for re-appointment.

NOTES:

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. (Proxy form is annexed herewith). The proxy form duly completed must be sent so as to reach the company, not less than 48 hours before the commencement of the meeting.**

2. The Register of Members and the Share Transfer Books of the company shall remain closed from **Monday the 23rd July 2007 to Monday the 6th August, 2007** (both days inclusive).
3. The dividend, when declared will be paid to those members whose names appear in the Register of Members on 6th August, 2007 or to their mandates.
4. Members are requested to notify the change in their address, if any, immediately and not later than 6th August 2007 quoting their folio number to the Company's Registered Office so that the dividend can be sent to the latest address.
5. Members are requested to note that as per Section 205A of the Companies Act, 1956, dividend which remains unpaid/unclaimed for a period of 7 years from the date of transfer to the company's unpaid dividend account has to be transferred by the Company to the Investor Education & Protection Fund (IEPF) established under Section 205C of the Companies Act, 1956. It may be noted that once the unclaimed dividend is transferred to the IEPF as above, no claim shall lie with the Company in respect of such amount. Members who have not encashed their dividend warrants for the year 2005 – 2006 are requested to lodge their claims with the company.

On behalf of the Board

M.A.M. ARUNACHALAM
Director

Chennai
May 29, 2007



DIRECTORS' REPORT

Your Directors have pleasure in presenting their Report together with the audited accounts for the year ended 31st March 2007.

FINANCIAL HIGHLIGHTS

	2006-2007	2005-2006
	Rs.	Rs.
Profit before Interest, Depreciation	2,98,94,186	1,59,81,674
Less: Depreciation	25,14,545	14,34,111
Interest	21,97,315	6,35,584
Profit before Tax	2,51,82,326	1,39,11,979
Provision for Taxation	44,85,000	11,06,000
- Deferred Tax	1,96,033	8,57,728
- Fringe Benefit Tax	2,05,302	3,76,944
Profit After Tax	2,02,95,991	1,15,71,307
Less: Transfer to General Reserve	21,00,000	2,06,299
Proposed Dividend	41,18,475	16,47,390
Tax on Dividend	6,99,935	2,30,964
Add: Taxation relating to earlier years	1,06,305	—
Transfer on amalgamation	21,97,868	—
Earlier year's profit/loss brought forward	38,24,686	(56,61,968)
Balance carried forward to Balance sheet	1,95,06,440	38,24,686

OPERATIONS AND PERFORMANCE

During the year under review, your company recorded sales turnover of **Rs.45,02,39,564/-**. Your Company has successfully completed construction of Factory buildings for Ashok Leyland Ltd., E I D Parry (India) Ltd., Perundurai, Parry Roca Private Ltd., Ranipet; Educational institutions for Thiyagaraja College of Engineering, Madurai, Anna Adarsh, Adarsh Vidhyala; Renovation work for E I D Parry (India) Ltd Dare House; Algae pond development work for Parry Nutraceuticals Ltd.

Construction of apartment in Coimbatore is in progress and response from customers is extremely good. All apartments offered to public are fully subscribed.

Your Company during the year acquired Plant and Machineries for operation under fixed assets viz. Scaffolding & Centering materials for Rs.90 Lacs; Tough Riders for Rs.18 Lacs; Concrete Mixer Machines with Pumps for Rs.25 Lacs; and Hitachi Excavator for Rs.16 lacs.

DIVIDEND

The Company earned a net profit after tax is **Rs.2,02,95,991/-**. Your Directors are pleased to recommend a dividend @ **25%** on the paid-up equity share capital for the financial year ended March 31, 2007. The total outgo of the dividend to be paid to the shareholders will be Rs.48,18,410/- (inclusive of dividend tax).

AMALGAMATION OF COROMANDEL HOLDINGS AND MINERALS LIMITED

Pursuant to the order dated 9th March, 2007 of the Hon'ble High Court of Madras, Coromandel Holdings and Minerals Limited a wholly owned subsidiary was amalgamated with the Company with effect from 1st April, 2006.

DIRECTORS

Mr.S.Vishumohan, Director, retires by rotation in terms of Article 92 of the Articles of Association of the Company and is eligible for re-appointment. Due to personal preoccupation, he has expressed his desire not to be considered for reappointment.

Mr M A Alagappan stepped down from the Board with effect from 25th October, 2006. The board places on record its grateful appreciation for the significant contribution of Mr M A Alagappan to the growth of the Company during his tenure of Directorship.

AUDITORS

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

DIRECTORS' RESPONSIBILITY STATEMENT

Directors responsibility statement pursuant to Section 217 (2AA) of the Companies Act, 1956 is annexed hereto and forms part of this report.

SECRETARIAL COMPLIANCE CERTIFICATE

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

COROMANDEL ENGINEERING COMPANY LIMITED**TRANSFER TO THE INVESTOR EDUCATION AND PROTECTION FUND**

In terms of Section 205C of the Companies Act, 1956, an amount of Rs.4473/- being unclaimed dividend, was transferred during the year to the Investor Education and Protection Fund established by the Central government.

PARTICULARS OF EMPLOYEES

There was no employees covered under sub Section 2A Section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975.

RELATION WITH EMPLOYEES

Relationship with employees continued to remain cordial throughout the year under review.

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

The company has no activity relating to consumption of energy, technology absorption and foreign exchange outgo. Hence, there are no particulars required to be furnished under Section 217(1)(e) of the Companies Act, 1956.

Foreign exchange earnings Rs. 10,40,000/- (Collection from allottees).

GENERAL

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

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

On behalf of the Board

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

Chennai
May 29, 2007

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ANNEXURE TO THE DIRECTORS' REPORT

DIRECTORS' RESPONSIBILITY STATEMENT

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

* In the preparation of the Profit & Loss Account for the financial year ended 31st March, 2007 and the Balance Sheet as at that date ("financial statements") applicable accounting standards have been followed:

* Appropriate accounting policies have been selected and applied consistently and such judgements and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the Profit of the Company for that period.

* Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the companies Act, 1956 for safeguarding the

assets of the Company and for preventing and detecting fraud and other irregularities. (To ensure this, the Company has established internal control systems, consistent with its size and nature of operations. In weighing the assurance provided by any such systems of internal controls its inherent limitations should be recognised. These systems are reviewed and updated on an ongoing basis. Periodic internal audits are conducted to provide reasonable assurance of compliance with these systems.)

* The financial statements have been prepared on a going concern basis.

Chennai
May 29, 2007

On behalf of the Board
M.A.M. ARUNACHALAM
S.S. RAJSEKAR
K.T. KUMAR
Directors

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COROMANDEL ENGINEERING COMPANY LIMITED

COMPLIANCE CERTIFICATE

NAME OF THE COMPANY : COROMANDEL ENGINEERING COMPANY LIMITED

Registration No. : U74210TN1947PLC000343

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

Paid-up Capital : Rs.1,64,73,900/-

To,

The Members

Messrs. Coromandel Engineering Company Limited

'Parry House', 3rd Floor,

43, Moore Street,

Chennai – 600 001.

We have examined the registers, records, books and papers of **Messrs. Coromandel Engineering Company Limited** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st March 2007**. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions and the rules made there under and all entries therein have duly been recorded.
2. The Company has filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities prescribed under the Act and the rules made there under.
3. The Company is a Public limited Company and has the minimum prescribed paid up capital and the said company shares are listed with Madras Stock exchange Limited.
4. The Board of Directors duly met **Four (4)** times on 29th May, 2006, 29th July, 2006, 25th October, 2006, 25th January, 2007 in respect of which meetings proper notices were given and proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company closed its Register of Members from 15th July, 2006 to 29th July 2006 (both days inclusive) and necessary compliance of Section 154 of the Act has been made.
6. The **Fifty-Eighth Annual General Meeting** for the financial year ended **31st March 2006** was held on 29th July, 2006 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No extra ordinary General Meeting was held during the financial year.

8. The Company has not advanced any loans or given any guarantees or provided any securities to its directors or persons or firms or companies referred under Section 295 of the Act.
9. The Company has not entered into any contract falling within the purview of Section 297 of the Act.
10. During the year ended 31st March 2007, the Company has not entered into any contracts falling within the purview of Sections 297 and 299 of the Act. However, the transactions entered into with companies listed in the register maintained under Section 301(3) of the Act have been duly entered in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of directors, members or Central Government.
12. The Board of Directors has approved the issue of duplicate share certificates at the Board meeting held on 29th July, 2006.
13. The Company:
 - (i) has delivered all the certificates on lodgment thereof for transfer/transmission in accordance with the provisions of the Act;
 - (ii) has not effected any allotment of Securities during the financial year .
 - (iii) has deposited the amount of dividend declared at the Fifty Eighth Annual General Meeting held on 29th July, 2006 in a separate bank account on 2nd August, 2006 which is with in five days from the date of declaration of such dividend.
 - (iv) has Posted cheques/demand drafts for dividends to all the members within a period of 30 (Thirty) days from the date of declaration and that all unclaimed / unpaid dividend has been transferred to unpaid dividend account of the Company with Indian Bank on 3rd September, 2006.
 - (v) has transferred the unpaid Dividend pertaining to the year 1998-99 for Rs.4,473/- declared at the 51st Annual General Meeting held on 23rd September 1999 which remained unclaimed for a period of seven years to Investor Education and Protection Fund.
 - (vi) has transferred unpaid dividend for the financial year ended 31st March, 2006 to Unpaid dividend account and seven years has not expired for transfer of the same to Investor Education and Protection Fund.
 - (vii) has not issued any shares or debentures and has not accepted any deposits and hence the question of transfer of application money due for refund, matured deposits, matured debentures and the interest accrued



thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund does not arise.

(viii) has duly complied with the requirements of Section 217 of the Act.

14. The Board of Directors of the Company is duly constituted. There was no appointment of additional directors, alternate directors and directors to fill casual vacancy during the financial year. During the year Mr. K.T. Kumar and Mr. S.S. Rajsekar appointed as Directors at the 58th Annual General Meeting held on 29th July, 2006 who were appointed earlier as additional directors at the Board meeting held on 28th October, 2005. During the year Mr. M.A. Alagappan resigned from the Board with effect from 25th October, 2006.
15. The Company has not appointed any Managing Director / Whole-time Director / Manager during the financial year under review.
16. The Company has not appointed any sole selling agents during the financial year.
17. a) The Company was not required to obtain any approvals of the Central Government, Company Law Board, Registrar of Companies, Regional Director prescribed under the various provisions of the Act during the financial year.
- b) The Company has filed petition before the Hon'ble High Court of Judicature at Madras for amalgamation of Coromandel Holdings and Minerals Limited with Coromandel Engineering company Limited and the Hon'ble Court vide its order dated 9th March, 2007 approved the amalgamation and the said order was filed with ROC, Chennai on 27.3.2007.
- c) The company has filed petition before the Hon'ble Company Law Board, Southern Region Bench, Chennai for condonation of delay pertaining to modification of charge in favour of Indian Bank and the Hon'ble Company Law Board vide order dated 20th April, 2007 approved condoning the delay and the said order was filed with ROC on, 21st April, 2007.
18. The directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year and hence the question of complying with the buy back provisions does not arise.
21. The Company has no preference share capital and has not issued debentures and hence the question of redemption

of preference shares/ debentures during the financial year under review does not arise.

22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The amount borrowed by the Company from banks and others during the financial year ended 31st March 2007 is within the borrowing limits of the company and that necessary resolution as per Section 293(1)(d) of the Act has been passed through postal ballot on 3rd February 2006.
25. The Company has not made any loans, investments or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum of Association with respect to situation of the Company's Registered Office from one State to another during the financial year under scrutiny.
27. The Company has not altered the provisions of the Memorandum of Association with respect to the objects of the Company during the financial year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum of Association with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. As per the information and explanations furnished to us, the Company has deposited both the Employer's and Employee's contribution to Provident Fund with the prescribed authorities pursuant to Section 418 of the Act.

For R. SRIDHARAN & ASSOCIATES
Company Secretaries

Chennai
23rd May, 2007

R. SRIDHARAN
C.P.No: 3239

COROMANDEL ENGINEERING COMPANY LIMITED**'ANNEXURE A'**

Name of the Company : COROMANDEL ENGINEERING COMPANY LIMITED
Registration No. : U74210TN1947PLC000343
Authorized Capital : Rs.4,00,00,000/-
Paid-up Capital : Rs.1,64,73,900/-

Registers as maintained by the Company

Sl.No.	Section Number	Name of the Register
1.	49	Register of Investments not directly held in the name of the company
2.	143	Register of Charges
3.	108	Share Transfer Register
4.	150	Register of Members
5.	151	Index of Members
6.	193	Minutes of the meetings of Board of directors
7.	193	Minutes of the meetings of the Members
8.	193	Minutes of the Committee Meetings
9.	301	Register of Contracts
10.	303	Register of Directors
11.	307	Register of Directors' Shareholding
12.	372A	Register of Investments/Loans/Guarantees and Securities
13.	Rule-7	Register for renewed and duplicate Share Certificates.
14.	-	Board Meeting Attendance Register
15.	-	General Meeting Attendance Register

For R. SRIDHARAN & ASSOCIATES
Company Secretaries

R.SRIDHARAN
C.P.No.: 3239

Chennai
23rd May, 2007