



ANNUAL REPORT 2021-22



COROMANDEL ENGINEERING COMPANY LIMITED

CORPORATE INFORMATION

| Board of Directors | |
|--|--|
| Mr. M M Venkatachalam - Chairman | (DIN: 00152619) |
| Mr. N V Ravi | (DIN: 00165666) |
| Mr. P Nagarajan | (DIN: 00110344) |
| Ms. G Jalaja | (DIN: 00149278) |
| Mr. A Sridhar | (DIN: 07913908) |
| Mr. S Shamsuddin | (DIN: 07954397) |
| Mr. M A M Arunachalam | (DIN: 00202958) |
| <i>(Resigned w.e.f 09th August, 2021)</i> | |
| Bankers | Key Managerial Personnel |
| HDFC Bank Limited Indian Bank IndusInd Bank Limited IDFC First Bank Limited City Union Bank Limited (upto 14.03.2022) Tata Capital Financial Services Limited | Mr. N Velappan – Associate Vice President & Manager Mr. R Selvakumar – Chief Financial Officer Ms. C. Parvathi Nagaraj – Company Secretary & Compliance Officer |
| Statutory Auditors | Secretarial Auditors |
| CNGSN & Associates LLP, Chartered Accountants, No.20, Raja Street, T.Nagar, Chennai - 600017 | Srinidhi Sridharan & Associates, Company Secretaries, Thiruvarangam Apartments, Flat No. A3, 1 st Floor, New No. 44, Old No.25, Unnamalai Ammal Street, T. Nagar, Chennai – 600 017 |
| Registered Office | Registrar and Share Transfer Agent |
| “Parry House”, 5 th Floor, No. 43, Moore Street Chennai – 600 001 Tel : 044 - 25301700 Email : cscecl@cec.murugappa.com Website : www.coromandelengg.com CIN:L74910TN1947PLC000343 | KFin Technologies Limited (Formerly KFin Technologies Private Limited) 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@kfintech.com Website : www.kfintech.com |
| 74th Annual General Meeting | Date: 03rd August, 2022 |
| | Day : Wednesday Time : 09:30 AM Mode : Video Conferencing |

TEN YEARS FINANCIAL TREND

(Rs. In lakhs)

| YEAR ENDED 31 st March | | | | | | | | | | |
|-----------------------------------|-----------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------|
| | 2013 | 2014 | 2015 | 2016 | 2017* | 2018* | 2019* | 2020* | 2021* | 2022* |
| OPERATING RESULTS | | | | | | | | | | |
| Revenue from Operations | 21,639.22 | 19,924.92 | 23,039.38 | 12,220.71 | 3,133.84 | 3,250.08 | 4,571.60 | 5767.27 | 10,850.83 | 13,299.57 |
| Other Income | 90.30 | 109.01 | 89.70 | 178.55 | 70.59 | 87.64 | 77.63 | 326.61 | 8.67 | 3.82 |
| Profit/(Loss) before depreciation | (453.31) | (1,020.17) | 542.85 | 504.79 | (395.87) | (722.97) | (789.71) | (472.33) | (752.82) | (488.68) |
| PBT - Before Exceptional Income | (668.37) | (1,243.48) | 53.95 | 68.94 | (785.42) | (1,090.97) | (1,146.15) | (806.95) | (1,047.09) | (762.81) |
| PBT - After Exceptional Income | (668.37) | (1,243.48) | 53.95 | 68.94 | (785.42) | (1,090.97) | (1,146.15) | (594.02) | (741.72) | (564.32) |
| Profit/(Loss) after Tax | (544.05) | (888.17) | 112.41 | 40.37 | (767.85) | (1,256.89) | (1,181.90) | (465.61) | (798.41) | (796.68) |
| Total Comprehensive Income | - | - | - | - | (770.39) | (1,253.05) | (1,190.25) | (471.03) | (793.10) | (796.47) |
| SOURCES OF FUNDS | | | | | | | | | | |
| Paid up share capital | 2,829.48 | 4,023.36 | 4,023.36 | 4,023.36 | 4,023.36 | 4,023.36 | 4,023.36 | 6158.99 | 6,158.99 | 6,158.99 |
| Reserves | (1,103.61) | 313.14 | 383.88 | 424.25 | (401.97) | (1,655.02) | (2,845.28) | (3316.31) | (4,109.41) | (4,919.85) |
| Loan Funds | 8,505.80 | 10,028.82 | 7,074.47 | 2,502.72 | 2,921.57 | 5,204.54 | 5,360.09 | 3834.94 | 3,093.38 | 1432.16 |
| Deferred Tax Liability/(Asset)Net | (1,113.81) | (1,469.12) | (1,546.42) | (1,517.85) | (1,535.42) | (1,369.50) | (1,333.75) | (1462.16) | (1,405.47) | (1173.11) |
| Total | 9,117.86 | 12,896.20 | 9,935.29 | 5,432.48 | 5,007.54 | 6,203.38 | 5,204.42 | 5,215.46 | 3,737.49 | 1498.19 |
| APPLICATION OF FUNDS | | | | | | | | | | |
| Fixed Assets | 3,037.54 | 3,539.01 | 2,931.43 | 2,455.65 | 2,065.53 | 1,688.49 | 1,343.22 | 1014.41 | 726.25 | 492.36 |
| Investments | 5.44 | 5.44 | 5.20 | 5.20 | 17.67 | 19.17 | 15.37 | 15.37 | 15.37 | - |
| Non Current / Current Assets-Net | 6,074.88 | 9,351.75 | 6,998.66 | 2,971.63 | 2,924.34 | 4,495.72 | 3,845.83 | 4,185.68 | 2,995.87 | 1005.83 |
| Total | 9,117.86 | 12,896.20 | 9,935.29 | 5,432.48 | 5,007.54 | 6,203.38 | 5,204.42 | 5,215.46 | 3,737.49 | 1498.19 |

* - Figures for periods ending from 31st March 2017 are under Ind AS* - Paid up share capital as above includes Preference Share Capital Rs 700 L upto 31st March 2019 and Rs. 2835.63 L from March 2020

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) Limited, Coromandel International Limited, Ramco Systems Limited, The Ramco Cements Limited, Parry Agro Industries Limited etc.

Mr. N V Ravi (DIN: 00165666)**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 Bachelor's 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 specialization 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 Limited. He retired from Coromandel International Limited 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. He is currently on the Board of Kartik Investments Trust Limited, Parry Sugars Refinery India Private Limited, Ambadi Investments Limited and Murugappa Management Services Private Limited.

Ms.G.Jalaja (DIN:00149278)**Non Executive Director (Till 21st April, 2021)****Independent Director (Re-designated w.e.f. 22nd April, 2021)**

Ms. G. Jalaja, a Chartered Accountant with FCS has been associated with Murugappa Group since 1983. She has over 35 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) Limited between 1992 to 2010. She re- joined as Company Secretary of the said Company in the year 2013 and retired in December 2018. In the intervening period from 2010 to 2013, she was the Chief Financial Officer of Parrys Sugar Industries Limited. She has been on the Board of CEC, since March, 2015. She is currently on the Board of Murugappa Management Services Private Limited.

Mr. A Sridhar (DIN: 07913908)**Non Executive Director (Appointed w.e.f 01st May, 2021)**

Mr. A Sridhar is a Chartered Accountant with a post qualification experience of 34 years of service. He had headed finance function in Public-Sector Undertakings, MNC's, various corporate establishments and overseas assignment. The industry exposure includes sectors such as manufacturing, tourism, entertainment and nutraceuticals. In the year 2013, he moved to Parry Agro Industries Limited, a part of Murugappa Group as Head of Operations and promoted as CEO and Whole Time Director in October, 2017. He retired from the services of Parry Agro Industries Limited as the CEO and Whole Time Director on 31st December, 2019. He is currently a Non Executive Director on the Board of Parry Agro Industries Limited, Parry Sugar Refinery India Private Limited, Parrys Investments Limited etc. and the Chief Financial Officer of E.I.D. – Parry (India) Limited.

Mr. S Shamsuddin (DIN:07954397)**Non Executive Director (Appointed w.e.f 26th October,2021)**

Mr. S. Shamsuddin is a Science graduate and holds a Master Degree in Law from Madras University. He was enrolled as an Advocate and practiced in the High Court of Madras. Then he joined M/s. Ennore Foundries Limited (Hinduja Group) in the Legal & Secretarial Department. Then he joined E.I.D. - Parry (India) Limited, heading the Legal Department as General Manager. He is presently giving his consultancy services to the Diversified Business Group of Companies of Murugappa Group.

BOARD'S REPORT

Your Directors present herewith the 74th Annual Report of the Company together with the Audited Financial Statements for the year ended 31st March, 2022.

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

FINANCIAL RESULTS:

(₹ in Lakhs)

| Particulars | 2021-22 | 2020-21 |
|---|-----------|-----------|
| Gross Income | 13303.39 | 10859.50 |
| Profit/(loss) before Interest and Depreciation | (17.16) | (104.39) |
| Finance charges | 471.52 | 648.44 |
| Gross Profit/(loss) | (488.68) | (752.83) |
| Depreciation and Amortization expenses | 274.12 | 294.26 |
| Net Profit/(loss) before tax , after exceptional item | (564.32) | (741.72) |
| Provision for tax | 232.36 | 56.69 |
| Net Profit/(loss) after tax | (796.68) | (798.41) |
| Other Comprehensive Income/(loss) | 0.21 | 5.31 |
| Total Comprehensive Income | (796.47) | (793.10) |
| Balance carried to Balance Sheet | (7997.32) | (7200.85) |

OPERATIONS AND PERFORMANCE

For the year under review, your company achieved a gross income of Rs.13303.39 Lakhs and a loss after tax of Rs.796.68 Lakhs. EBITDA was negative at Rs.17.16 Lakhs (as compared to Rs. 104.39 Lakhs negative in the previous financial year), due to Covid interruptions, increase in cost of input materials and losses from sale of apartments. Depreciation for the year was Rs.274.12 Lakhs.

The Company has put in several systems and review processes and has adopted better planning and execution strategies. The order book is also at healthy levels.

Your company has fully liquidated the left over flats of the property development projects and resolved several old debtor issues. There has been good improvement in ensuring timely collection from current projects and finance costs were kept under control.

DIVIDEND AND GENERAL RESERVE

As the Company has incurred a loss, no dividend is recommended for the financial year 2021-22. Consequent to the same, the Company has not transferred any amount to the general reserve.

SHARE CAPITAL

The Company's paid-up equity capital was Rs.3323.36 Lakhs as on 31st March, 2022. The Company's paid-up preference share capital as on 31st March, 2022 stood at Rs.2835.63 Lakhs. (PY Rs. 2835.63 Lakhs).

During the year, the Company had sought the approval of the equity shareholders by way of postal ballot on 12th December, 2021 and the preference shareholders at their Meeting held on 3rd December, 2021 for reduction of the entire paid-up preference share capital of the Company aggregating to Rs.28,35,63,000/- divided into 28,35,630 number of 7% Cumulative Non-

Participating Redeemable Preference shares of Rs. 100/- each. The Company has filed an application with the Hon'ble National Company Law Tribunal, Chennai Bench and the process for effecting the reduction is in progress. Upon approval and giving effect to the proposal, the company's net worth is expected to turn positive.

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

With an insight to integrate risk management with the overall strategic and operational practices, the Board of Directors have established a robust 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 of Directors ensure periodical discussion with the management team to enable proper risk oversight by the Board. The Board had constituted a Risk Management Committee, details of the same and its terms of reference are set out in the Corporate Governance Report, forming part of the Board's Report.

DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS

In addition to the Internal Controls on Operations, the Board has laid down standards, processes and structures to implement Internal Financial Controls to ensure that the financial affairs of the Company are carried out with due diligence. The effectiveness of the Internal Financial Controls is ensured by management reviews, continuous monitoring and self-assessment and review of all financial transactions and operating systems by the internal auditors. 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 or inefficacy or inadequacy in the design or operation were observed.

BOARD OF DIRECTORS

Mr. A Sridhar (DIN: 07913908), was appointed as an Additional Director of the Company based on the recommendation of the Nomination and Remuneration Committee with effect from 01st May, 2021 pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company. His appointment as a Director of the Company, liable to retire by rotation, was approved by the Shareholders at the 73rd Annual General Meeting of the Company held on 9th August, 2021.

The Board based on the recommendation of the Nomination and Remuneration Committee considered the re-designation of Ms. G Jalaja (DIN: 00149278), Non Executive Non Independent Director of the Company as an Independent Director of the Company w.e.f 22nd April, 2021. Her re-designation was approved by the shareholders for a term of five consecutive years w.e.f. 22nd April, 2021 at the 73rd Annual General Meeting held on 9th August, 2021.

Mr. M A M Arunachalam (DIN: 00202958), resigned on the closing of business hours on 9th August, 2021 owing to his other professional commitments. The Board places on record its appreciation for his guidance and contribution during his tenure of office as a Director of the company.

Mr. S Shamsuddin (DIN: 07954397), was appointed as an Additional Director of the Company based on the recommendation of the Nomination and Remuneration Committee with effect from 26th October, 2021 pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company. His appointment as a Non Executive Director of the Company, liable to retire by rotation, was approved by the Shareholders vide Postal Ballot on 12th December, 2021.

Mr. A Sridhar, Director (DIN:07913908) retires by rotation pursuant to Section 152(6) of the Companies Act, 2013 and Article 17.26 of the Articles of Association of the Company at the forth coming Annual General Meeting and being eligible

offers himself for re-appointment. In terms of Secretarial Standards on General Meetings (SS-2), the necessary resolution for the re-appointment of Mr. A Sridhar as a Director of the Company is included in the Notice sent along with the annual report.

KEY MANAGERIAL PERSONNEL

Mr. N Velappan was appointed by the shareholders as Manager of the Company and as a Key Managerial Personnel at the 73rd Annual General Meeting of the Company held on 9th August, 2021. As his term concluded at the closure of business hours on 31st March, 2022, based on the recommendation of the Nomination and Remuneration Committee, the Board at its meeting held on 13th May, 2022 has considered his re-appointment as the Manager of the Company with effect from 13th May, 2022 to 31st May, 2023. The necessary resolutions along with the explanatory statement for the re-appointment of Mr. N Velappan have been included in the notice sent along with the annual report.

Mr. R Selvakumar is the Chief Financial Officer and Ms. C Parvathi Nagaraj is the Company Secretary of the Company.

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 Requirement) 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 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/index.html>

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received necessary declarations 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 meet with the criteria of Independence laid down in Section 149(6) of the Act, under Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, under Regulation 25(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and stating that they have registered themselves in the data bank maintained by the Indian Institute of Corporate Affairs and the Independent Directors have passed/ are exempted from passing the Online Proficiency Self-Assessment Test, as applicable.

In the opinion of the Board, the Independent Directors fulfil the conditions specified in the Act and the rules made there under and the Listing Regulations for appointment as an Independent Director and confirm that they are independent of the management and all the Directors appointed/ re-appointed during the year are persons with integrity, expertise and possess relevant experience in their respective fields. Pursuant to the provisions of Schedule IV of the Companies Act, 2013 and Regulation 25 of the Listing Regulations, the Independent Directors of the company had a separate meeting during the financial year without the attendance of non-independent Directors and members of management.

REMUNERATION POLICY

Pursuant to Section 178(3) of the Companies Act, 2013, the Board based 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 is stated in the Corporate Governance Report.

NUMBER OF MEETINGS OF THE BOARD

During the financial year ended 31st March 2022, the Board had met Five (5) times; the details of the said meetings are given in the Corporate Governance Report.

DIRECTOR'S RESPONSIBILITY STATEMENT

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

(a) in the preparation of the annual financial statements for the financial year ended 31st March, 2022, the applicable accounting standards have been followed and no material departures have been made from the same;

(b) the accounting policies as mentioned in Note No. 3 of the Financial Statements have been selected and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2022 and of the loss of the company for that period;

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

(d) the annual accounts for the year ended 31st March, 2022 have been prepared on a going concern basis;

(e) the internal financial controls to be followed by the company have been laid down and that such internal financial controls are adequate and operating effectively;

(f) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

RELATED PARTY TRANSACTIONS

During the financial year under review, all transactions entered into by the Company with related parties were in ordinary course of business and on an arm's length basis and were not considered material as per the provisions of Section 188 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23 of the SEBI Listing Regulations. The form AOC-2 under Section 134(3)(h) of the Act, read with the Rule 8 of the Companies (Accounts of Companies) Rules, 2014, is enclosed as Annexure -I. A statement on Related Party Transactions (RPTs) specifying the details of the transactions, pursuant to each omnibus approval granted, is placed on a quarterly basis for review by the Audit Committee. Further, transactions proposed in subsequent quarter are also presented. The details of contracts and arrangements with related parties of the Company for the financial year under review, are given in notes to the Financial Statements, which forms part of this Annual Report. The Policy on Related Party Transactions, as approved by the Board, is available on the Company's website at http://www.coromandelengg.com/Inv_Policies.html

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 |
| Ms. G Jalaja** | - Member |

*Ceased to be a Director with effect from 9th August, 2021

**Appointed as a Member on 18th May, 2021

During the year, five Audit Committee meetings were held, the details of which are given in the Corporate Governance Report.

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 the policy on appointment of Directors 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.

During the year, two meetings of the Nomination and Remuneration Committee were held, the details of which are given in the Corporate Governance Report.

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

CORPORATE SOCIAL RESPONSIBILITY

In view of the losses incurred by the Company during the three previous financial years and average of three years' net profit being negative, the requirement on spending or constitution of the Corporate Social Responsibility Committee under the Corporate Social Responsibility Policy as per Section 135 of the Companies Act, 2013 is not applicable to the Company.

AUDITORS**STATUTORY AUDITORS**

The members of the company at the 69th Annual General Meeting held on 26th July 2017, appointed M/s. CNGSN & Associates LLP, Chartered Accountants, (FR No. 004915S/S200036) Chennai as Statutory Auditors of the Company to hold office until the conclusion of the ensuing Annual General Meeting and they are eligible for re-appointment for a second term of five consecutive years in terms of the provisions of Section 139(2) of the Companies Act, 2013.

Based on the recommendation of the Audit Committee, the Board of Directors at their meeting held on 13th May, 2022 have approved the re-appointment of CNGSN & Associates LLP, Chartered Accountants (Regn. No. 004915S/S200036) as the Statutory Auditors of the Company, subject to the approval of the Shareholders, to hold office for a second term from the conclusion of this 74th Annual General Meeting until the conclusion of 79th Annual General Meeting to be held in the calendar year 2027 at a remuneration of Rs. 4,25,000/- (Rupees Four Lakhs Twenty Five Thousand only) for the Financial Year 2022-23 and that the Board of Directors based on the recommendation of the Audit Committee be authorized to fix the remuneration payable to the Statutory Auditors for the subsequent Financial years.

M/s. CNGSN & Associates LLP, Chartered Accountants (Regn. No. 004915S/S200036) have confirmed their eligibility under Section 141 of the Act and the Rules made thereunder for their re-appointment as Statutory Auditors. Further as required under Regulation 33 of the Listing Regulations, they have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

The Report given by M/s. CNGSN & Associates LLP Chartered Accountants on the Financial Statements of the Company for the financial year ended 31st March, 2022 is provided in the Finance Section of the Annual Report. There are no qualifications, reservations, adverse remarks or disclaimers given by the Auditors in their report.

COST AUDITORS

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 and amendments thereof, the Company is required to maintain cost accounting records in respect of products of the Company covered under CETA categories and appoint a cost auditor to conduct the cost audit of the cost records of the Company.

The Board based on the recommendation of the Audit Committee, had appointed Mr. N.V. Thanigaimani, Cost Accountant (Membership No.15557) of M/s. Thanigaimani & Associates, Cost Accountants as the Cost Auditor of the Company for the Financial Year 2021-22 on a remuneration of Rs. 75,000/-. Further, the Board has re-appointed Mr. N V Thanigaimani to conduct the audit of the cost records of the Company for the Financial Year 2022-23 at the same remuneration. 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 the Cost Auditor for the Financial Year 2022-23 is included in the Notice convening the Annual General Meeting.

SECRETARIAL AUDITORS

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 M/s. Srinidhi Sridharan & Associates, Company Secretaries, Chennai to undertake the Secretarial Audit of the Company for the Financial Year 2021-22. The Secretarial Audit Report is annexed here with as Annexure - III. There are no qualifications, reservations, adverse remarks or disclaimers given by the Secretarial Auditors 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 as Annexure - IV.

CORPORATE GOVERNANCE REPORT

The Company is committed to good corporate governance practices. All material information were

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 as Annexure – V and Annexure – X respectively.

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 work place (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 of during the year 2021-22:

No. of complaints received – Nil

No. of complaints disposed of – 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.