

LETTER OF OFFER

(Private & Confidential)

For Equity Shareholders of the Company Only



COROMANDEL ENGINEERING COMPANY LIMITED

(Originally incorporated as "The Coromandel Engineering Company Limited" on 03/09/1947 under the Indian Companies Act 1913. The name of the Company was then changed to "The Coromandel Engineering Company Private Limited" on 14/04/1956. The Company was again converted into a public limited company and the name of the company was changed to "The Coromandel Engineering Company Limited" on 05/11/1975 and subsequently to "Coromandel Engineering Company Limited" on 24/02/2006 and fresh certificate of incorporation consequent to change of name was obtained from the Registrar of Companies, Chennai.)

Registered Office : Parry House, 3rd Floor 43, Moore Street, Chennai - 600 001.
Tel: 91-044-2534 1513; **Fax:** 91-044-2534 2822

Email: coromandelengg@cec.murugappa.com

Contact person: Ms. Vandana R., Compliance Officer & Company Secretary
(for details regarding changes in registered office of the Company in past please refer page no. 44)

ISSUE OF 16,47,390 EQUITY SHARES OF RS. 10/- EACH AT A PREMIUM OF RS.10/- PER SHARE (ISSUE PRICE OF RS. 20/-) AGGREGATING RS. 329.48 LACS ON RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF THE COMPANY IN THE RATIO OF 1 (ONE) EQUITY SHARE FOR EVERY 1 (ONE) EQUITY SHARES (I.E. 1:1) HELD ON 20/08/2008 (RECORD DATE).

THE ISSUE PRICE IS TWO TIMES THE FACE VALUE

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risks involved. The securities have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or the adequacy of this document.

The attention of investors is drawn to the statement of Risk Factors beginning on page no. v of this Letter of Offer.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Letter of Offer contains all information with regard to the Issuer and the Issue, which is material in context of the Issue, that the information contained in this Letter of Offer is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions, expressed herein are honestly held and that there are no other facts, the omission of which makes this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing Equity shares of the company are listed on Madras Stock Exchange Limited (MSE). The Company has received in-principle approval from MSE vide its letter no MSE/SEC/738/211/08 dated May 09, 2008 for listing of the equity shares being issued in terms of the Letter of Offer.

LEAD MANAGER TO THE ISSUE

KEYNOTE

CORPORATE SERVICES LTD

KEYNOTE CORPORATE SERVICES LIMITED

4th Floor, Balmer Lawrie Building,

5, J. N. Heredia Marg,

Ballard Estate, Mumbai - 400001

Tel : +91-022-30266000-3; **Fax:** + 91-022-22694323

E-mail: mbd@keynoteindia.net

Website: www.keynoteindia.net

SEBI Regn. No.: INM 000003606

AMBI Regn No: AMBI/040

REGISTRAR TO THE ISSUE



Karvy Computershare Private Limited

KARVY COMPUTERSHARE PRIVATE LIMITED

Karvy House, 46, Avenue 4, Street No. 1,

Banjara Hills, Hyderabad- 500034.

Tel : +91-40- 2342 0815; **Fax :** +91-40- 2342 0814

Toll Free No: 1-800-345 4001

Website : www.karvy.com

E-Mail : einward.ris@karvy.com

SEBI Registration. No : INR 000000221

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR RECEIVING REQUESTS FOR SPLIT FORMS	ISSUE CLOSSES ON
Saturday, 30th August, 2008	Saturday, 13th September. 2008	Monday, 29th September, 2008

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DEFINITIONS/ABBREVIATIONS

CONVENTIONAL / GENERAL TERMS

Term	Description
Act	The Companies Act, 1956 and subsequent amendments thereto
Depositories Act	The Depositories Act, 1996 as amended from time to time
Depository	A Depository registered with SEBI under the SEBI (Depositories & Participant) Regulations, 1996 as amended from time to time
FY/ Financial year or Fiscal Year	The twelve months ended March 31 st of a particular year
Security Certificate	Equity Share Certificate
Security(ies)	Equity Share(s)
SE/ Stock Exchange(s)	Madras Stock Exchange Limited (MSE)

ISSUE RELATED TERMS

Term	Description
Articles	Articles of Association of Coromandel Engineering Company Ltd.
Board	Board of Directors, of Coromandel Engineering Company Ltd.
CAF	Composite Application Form
Directors	Directors on the Board of Coromandel Engineering Company Ltd.
Equity Shareholders	Equity Shareholders of the Company whose name appear as: <ul style="list-style-type: none"> ✓ Beneficial Owners as per the list furnished by the depositories in respect of Equity Shares held in electronic form and ✓ On the Register of Members of the Company in respect of the Equity Shares held in Physical form
Equity Shares	Equity Shares of the Company of Rs.10/- each
Lead Manager/ LM	Lead Manager to the Issue i.e. Keynote Corporate Services Ltd.
Issue/ Rights Issue	The issue of 16,47,390 Equity Shares of Rs.10/- each for cash at a premium of Rs. 10/- per equity share (Issue Price Rs. 20/-) per Equity Share on rights basis to existing Equity Shareholders of the Company in the ratio of 1 (One) Equity Share for every 1 (One) Equity Shares held on 20/08/2008 (Record Date) aggregating Rs. 329.48 lacs as per this Letter of Offer.
Issue Price	The price at which the equity shares will be issued by the Company under this Letter of Offer.
Issuer/ Company/ CECL	Coromandel Engineering Company Ltd.
Letter of Offer/ LOO/ Offer Document	This Letter of Offer dated 11/08/2008 circulated to the Equity Shareholders and filed with the Stock Exchanges containing <i>inter alia</i> the Issue price and the number of equity shares to be issued and other incidental information.
MSE	Madras Stock Exchange Limited

ABBREVIATIONS

Abbreviations	Full Form
AGM	Annual General Meeting
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CLB	Company Law Board



Abbreviations	Full Form
DP	Depository Participant
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations there under and amendments thereto
FI	Financial Institution
FII (s)	Foreign Institutional Investors registered with SEBI under applicable laws.
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
GOI	Government of India
NA	Not Applicable
NAV	Net Asset Value
NPA	Non Performing Assets
NR	Non Resident
NRE Account	Non Resident External Account
NRI(s)	Non Resident Indians
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
MOU	Memorandum of Understanding
PAN	Permanent Account Number
PAT	Profit After Tax
PBDT	Profit Before Depreciation and Tax
PBIDT	Profit Before Interest Depreciation and Tax
PBT	Profit Before Tax
PAT	Profit After Tax
P/E Ratio	Price/Earnings Ratio
ROC	Registrar of Companies
ROI	Return on Investment
RBI	The Reserve Bank of India
SCRR	Securities Contracts (Regulations) Rules, 1957 as amended from time to time.
SEBI	Securities and Exchange Board of India

COMPANY/INDUSTRY RELATED TERMS

Term	Description
ASSOCHAM	Associated Chambers of Commerce and Industry of India
BOT	Build Operate Transfer
CEGAT	The Customs Excise and Gold (Control) Appellate Tribunal
Ibaf	India Brand Equity Foundation
ISD	Input Service Department (Indirect tax – Central Excise)
JNNURM	Jawaharlal Nehru National Urban Renewal Mission
NHDP	National Highway Development Programme
PMGSY	Pradhan Mantri Gram Sadak Yojana
SLP	Special Leave Petition
ULCRA	Urban Land (Ceiling and Regulation) Act, 1976



CERTAIN CONVENTIONS; USE OF MARKET DATA

In this Letter of Offer, unless the context otherwise requires, all references to one gender also refers to another gender and the word "Lakh" or "Lac" means "one hundred thousand" and the word "million" means "ten lac" and the word "Crore" means "ten million" and the word "One hundred crore" means "Billion". In this Letter of Offer, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.

Throughout this Letter of Offer, all figures have been expressed in Lacs unless otherwise stated. All references to "India" contained in this Letter of Offer are to the Republic of India.

For additional definitions used in this Letter of Offer, see the section "Definitions and Abbreviations" on page i of this Letter of Offer. Industry data used throughout this Letter of Offer has been obtained from industry publications and other authenticated published data. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company believes that the industry data used in this Letter of Offer is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by the Company to be reliable, have not been verified by any independent sources.

CURRENCY OF PRESENTATION

In this Letter of Offer, all references to "Rupees" and "Rs." are to the legal currency of India,



FORWARD-LOOKING STATEMENTS

Statements included in this Letter of Offer which contain words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions, that are “forward-looking statements”. Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with the Company’s expectations with respect to, but not limited to, the Company’s ability to successfully implement its strategy, its growth and expansion, technological changes, its exposure to market risks, general economic and political conditions in India which have an impact on its business activities or investments, the monetary and interest policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in the industry.

For further discussion of factors that could cause the Company’s actual results to differ, see the section entitled “Risk Factors” beginning on page no. v of this Letter of Offer. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. In accordance with SEBI requirements, the Company will ensure that investors are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges for the equity shares being issued.

Use of Market Data

Unless stated otherwise, macroeconomic and industry data used throughout this Letter of Offer has been obtained from publications prepared by Government sources, industry sources and data generally available in the public domain. Such publications generally state that the information contained therein has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Letter of Offer is reliable, it has not been independently verified



SECTION I - RISK FACTORS

An investment in equity shares involves a high degree of risk. The investors shall carefully consider all of the information in this Letter of Offer, in evaluating the Company and its business, including the risks and uncertainties described below, before making any investment decision. If any of the following risks actually occur, the business, financial condition and results of operations could suffer, the trading price of the Equity Shares could decline, and the investors may lose all or part of their investment.

Unless specified or quantified in the relevant risk factors below, the financial or other implications of any of the risks described in this section cannot be quantified:

Internal risk factors

Internal risk factors and risks relating to Company's business

1. *The company /promoter group company are involved in certain legal proceedings and any unfavourable outcome of the proceedings may adversely impact the business and financial conditions of the company.*

I. *Litigations against the company*

We are involved in certain legal proceedings, incidental to our business and operations, which if determined against the Company, could have an adverse impact on our results of operations and financial condition. The Summary of the litigations is as follows:

Sr. No	Particulars	No. of cases/disputes	Approximate amount involved where quantifiable (Rs. in lacs)
1	Civil Proceedings	1	41.59
2	Income Tax, sales tax & Excise	8	22.81

For more information please refer to "Legal and other Information" commencing on page no. 95 of this Letter of Offer.

II. *Litigations pending against our Promoter Group Companies*

There are some litigations pending against our top five listed companies and top five unlisted companies within the group. For more information please refer to "Legal and other Information" commencing on page no. 95 of this Letter of Offer.

2. *Contingent liabilities not provided which if materialize may have an adverse effect on our financial condition and future financial performance*

The details of contingent liabilities not provided for as per the Balance Sheet for the period ended 31/03/2008 is as follows:

Particulars	Amount (Rs. in lacs)
(A) Guarantees issued by Company's Bankers for which the Company has given counter guarantees (Net of guarantees for Rs.4,159,209/- for which liabilities existing in the books of accounts.)	290.00



Particulars	Amount (Rs. in lacs)
(B) Estimated liability on account of certain taxes and duties not provided	
1) Sales Tax	
Karnataka Sales Tax Asst.Year 1990-91 after adjusting deposit of Rs.112,000/-	5.48
2) Excise Duty	
Demands under dispute pending in appeals before CEGAT	22.84
3) Employees State Insurance	
Demand disputed(Net of Rs.120170/-) deposited included in Advances recoverable under Loans and Advances	1.19
4) Income Tax	
For Assesment year 2005-06 the Company has preferred appeal with CIT (Appeals) against some disallowances and addition made by the Assessing officer.	1.90
(C) Estimated amount of Contracts remaining to be executed on Capital Account not provided for	22.57

In the event such contingent liabilities materialize it may have an adverse effect on our financial condition and future financial performance.

3. *We are yet to make application to the Banks for the additional working capital requirement. Any delay in obtaining the sanction of the enhanced working capital limits may affect the operations of our Company*

Our estimated net working capital requirement as on 31/03/2009 is Rs. 3195.00 lacs, of which Rs. 2895.52 lacs will be financed through Banks and balance Rs. 299.48 Lacs through the proceeds of present rights issue. We are yet to make application to the Banks for additional working capital requirement. Any delay in obtaining the sanction of the enhanced working capital limits may affect the operations of our Company

Management's proposal

We currently enjoy working capital facility to the extent of Rs. 2000.00 lacs from Indian Bank, Harbour Branch, Chennai. Further, we have applied to Indian Bank for the additional working capital facility to the extent of Rs. 10.00 crores vide our letter dated 29/07/2008.

4. *Our registered office is a leased office, non renewal of the lease could have a material adverse effect on our business, financial condition and results of operations*

The company is currently operating out of leased premises. The company's registered office is situated at Parry House, 3rd Floor 43, Moore Street, Chennai - 600 001, which have been leased from Parry (India) Limited. In case of non renewal of the lease, we may suffer a disruption in our operations which could have a material adverse effect on our business, financial condition and results of operations. For more information please refer to "Properties" appearing on page no. 34 of this Letter of Offer.



5. *Our profitability and results of operations may be adversely affected in the event of increases in the prices of raw materials, sub contracting costs, and costs of consumables and spares or other inputs, or a delay in the supply of raw materials or said inputs*

The cost of raw materials, sub contracting costs, costs of consumable and spares, and other input costs constitute a significant part of our operating expenses. Our construction operations require various construction raw materials including steel, cement, bricks, building blocks, ready mixed concrete, wood, timber and plywood. For example cost of materials and other input cost constituted to 52% of our total expenditure in Fiscal 2007. Our ability to pass on increases in the purchase price of raw materials and other inputs may be limited in the case of fixed-price contracts or contracts with limited price escalation provisions. Under the terms and conditions of fixed-price contracts, we generally agree to provide services for the part of the project contracted to us for a fixed price, subject to contract variations pursuant to changes in the client's project requirements. Our actual expense in executing a fixed-price contract may vary substantially from the assumptions underlying our bid for several reasons, including:

- unanticipated increases in the cost of raw materials, fuel, labour or other inputs;
- unforeseen construction conditions, including the inability of the client to obtain requisite environmental and other approvals, resulting in delays and increased costs;
- delays caused by local weather conditions; and
- Suppliers' or subcontractors' failures to perform.

6. *Our ongoing and forthcoming projects may be delayed, cancelled or not fully paid for by our clients thereby affecting the financial performance of the company.*

Our ongoing and forthcoming projects does not necessarily indicate future earnings related to the performance of that work but represents business that is considered firm, but cancellations or scope or schedule adjustments may occur. We may also encounter problems executing the project as ordered, or executing it on a timely basis. Moreover, factors beyond our control or the control of our clients may postpone a project or cause its cancellation, including delays or failures to obtain necessary permits, authorizations, permissions, right-of-way, and other types of difficulties or obstructions. Due to the possibility of cancellations or changes in project scope and schedule, as a result of exercises of our clients' discretion, problems we encounter in project execution, or reasons outside our control or the control of our clients, we cannot predict with certainty when, if or to what extent a project will be performed. Delays in the completion of a project can lead to clients delaying or refusing to make payment to us of some or all of the amounts we expect to be paid in respect of the project. Even relatively short delays or surmountable difficulties in the execution of a project could result in our failure to receive, on a timely basis or at all, the final payments due to us on a project.

7. *The completion of our projects can be delayed on account of our dependency on our contracted labour force*

The construction industry is labour intensive and continuous access to qualified labour is critical to our business. We rely on sub-contractors to meet our labour requirements. Currently, we share cordial relations with these sub-contractors. However, we cannot assure that the same will continue in the future. Any strained relations, will severely affect our business requirements, as we may not be able to meet any shortage arising due to this. We also cannot assure that the subcontractors will always meet our labour requirements. Additionally, our operations may also be affected by circumstances beyond our control which may be due to work stoppages, labour disputes and or shortage of qualified skilled labour and lack of availability of adequate infrastructure services or even due to local festivities. Thus, the execution of work on all our projects and consequently, payments



for such projects will depend upon the adequate supply of qualified labour by our contractors and the adequate performance work by such labour. A deficiency of service on the part of a contractor or inadequacy in the performance of any work may result in delayed payment.

8. *Our success depends largely on our senior management and our ability to attract and retain our key personnel. Any significant changes in the key managerial personnel, may affect the performance of the Company.*

The success of any company depends upon its management team and key personnel and the Company's ability to attract and retain such persons. The resignation or loss of key management personnel may have an adverse impact on its business, future financial performance and the price of its Equity Shares.

9. *The Company has reported negative cash flow from operating activities in past. Any negative cash flows in the future could have an adverse effect on our results of operations.*

There has been a negative cash flow from operating Activities to the extent of Rs. 55.59 lacs for the financial year ended 31/03/2004.

10. *The Group Companies have made certain projections in the Promises vis-à-vis performances during their previous issues. However, due to various reasons, the projections could not be achieved.*

Some of the group companies made certain projections in their previous issues. However, due to various reasons, the projections could not be achieved. For further details, please refer to page 111 of this Letter of Offer.

11. *Promoter Group Companies/firms have incurred losses during the past three years*

We are a part of the "Murugappa Group" of companies. Of the promoter group companies/ firms, following company has made losses during one or more of the last three financial years:

Particulars	(Rs. in Lacs)		
	2007	2006	2005
Kadamane Estate Company (Partnership firm)	57.97	(2.57)	(2.29)

12. *No trading in the shares of CECL and as such the exit options available to the equity shareholders may be limited*

The equity shares of the company are listed only on Madras Stock Exchange Ltd. (MSE). There has not been any trading in these shares since 15/05/1996. There can be no assurance that an active trading market for the Company's equity shares will revive or be sustained and as such the exit options available to the equity shareholders may be limited.

13. *The Company's property development business is significantly in the state of Tamil Nadu and the Company does not have an all India presence. In the event of slow down of growth in the sectors, the operations of the Company may be adversely affected.*

**External risk factors****1. *Adverse weather conditions can delay the implementation of the projects undertaken by the Company***

Implementation of the projects undertaken by the Company may get delayed due to adverse weather conditions, such as heavy rains and floods. Though the Company makes adequate provisions for non-execution during certain seasons like monsoon, any unforeseen vagaries of nature and season may result in failure of its meeting the contractual obligations and affect its business.

2. *Demand for construction services in India depends on domestic, regional and global economic growth*

The construction business is dependent on the level of domestic, regional and global economic growth and development and is directly linked to consumer spending on fixed assets. The rate of growth of India's economy and consequently the demand for construction services in India may fluctuate over the years. During periods of strong growth, demand for such services may grow at a rate as great as, or even greater than, that of the GDP. Conversely, during periods of slow GDP growth, such demand may exhibit slow or even negative growth. There can be no assurance that future fluctuations in economic or business cycles, or other events that could influence GDP growth, will not have a material adverse effect on our business and results of operations.

3. *Our business is dependent on the performance of the real estate market in India*

Our business is dependent on the performance of the real estate market in India, and our operations could be adversely affected if market conditions deteriorate. Real estate projects take a substantial amount of time to develop, and we could incur losses if we purchase land at high prices and we have to sell our developed projects during weaker economic periods. Further, the real estate market, both for land and developed properties is relatively illiquid, which may limit our ability to respond promptly to market events and our financial results are more sensitive to changes and downturns within our industry than companies with more diversified lines of business.

4. *A slowdown in economic growth in India could cause our business to suffer*

Our performance and growth are dependent on the health of the Indian economy. The economy could be adversely affected by various factors such as political or regulatory action, including adverse changes in liberalisation policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any slowdown in the Indian economy may adversely impact our business and financial performance and the price of our Equity Shares.

5. *Political instability or changes in the government could delay the liberalization of the Indian economy and adversely affect economic conditions in India generally, which could impact our financial results and prospects*

Since 1991, successive Indian governments have pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. Nevertheless, the role of the Indian central and state governments in the Indian economy as producers, consumers and regulators has remained significant. The leadership of India has changed many times since 1996. The current central government, which came to power in May 2004, is headed by the Indian National Congress and is a coalition of several political parties. Although the current government has announced policies and



Coromandel Engineering Company Limited

taken initiatives that support the economic liberalization policies that have been pursued by previous governments, the rate of economic liberalization could change, and specific laws and policies affecting real estate, foreign investment and other matters affecting investment in our securities could change as well.

6. *Any downgrading of India's debt rating by an independent agency may harm our ability to raise debt financing*

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse effect on our capital expenditure plans, business and financial performance.

NOTES

1.

Pre issue Networth as on 31/03/2008	:	Rs. 931.28 lacs
Pre-issue Net Asset value per share (as on 31/03/2008)	:	Rs. 56.53
Issue Size	:	Rights Issue of 16,47,390 Equity Shares of Rs. 10/- each at a premium of Rs. 10/- per equity share (i. e. Issue Price of Rs. 20/-) per Equity Share aggregating Rs. 329.48 lacs.
Cost per share to the promoter:		
- M V Murugappan	:	Rs. 9.53
- M V Subbiah	:	Rs. 9.23
- M A Alagappan	:	Rs. 9.97
- A Vellayan	:	Rs. 8.11

- There is no interest of promoters/directors/foreign collaborators/key management personnel other than reimbursement of expenses incurred or normal remuneration or benefits.
- For details on Related party disclosures refer page no. 86 of this Letter of Offer
- For details on loans and advances made by the Company refer page no. 85 of this Letter of Offer
- Investors are free to contact the LM for any complaints/ information/ clarification pertaining to this Issue. For contact details of the LM, please refer to the cover page of this Offer Document.
- All information shall be made available by the LM and the Company to the public and investors at large and no selective or additional information would be available only to a section of the investors in any manner whatsoever.
- Investors are advised to refer to the paragraph on "Basis for Issue Price" on page 18 of this Offer Document before making an investment in this Issue.
- The Lead Manager and the Company shall update this Letter of Offer and keep the shareholders/public informed of any material changes till the listing and trading commencement.



PART I

SECTION II - INTRODUCTION

The Industry information presented in this section has been extracted from publicly available documents from various sources, including officially prepared materials and has not been prepared or independently verified by the Issuer or the Lead Manager.

INDUSTRY SUMMARY

Construction Industry

Construction is one of the most vital parts of a country's infrastructure and industrial development. It includes houses, offices, hospitals, schools, townships and other buildings; urban infrastructure, highways, roads, railways, ports, airports; power systems; irrigation and agriculture systems; telecommunications etc. Construction industry is one of the basic drivers of socio-economic development of country. This sector generates employment opportunities, and also helps other related industries grow with rapid pace. The employment in this sector not only attracts semi skilled and skilled people but also absorb unskilled workers from rural areas.

Due to fiscal constraints, Government is increasing emphasis on participation of private sector in this field and projects are being carried out in public-private partnership as well as BOT (Build - Operate - Transfer) mechanism. Also some projects undertaken by Government like NHDP (National Highway Development Programme) and PMGSY (Pradhan Mantri Gram Sadak Yojana) are providing necessary momentum to rapid growth of this industry. (Source: www.dnb.co.in [Dun & Bradstreet])

The construction sector accounts for upwards of 6 per cent of GDP (gross domestic product) in any advanced economy. It accounts for about 8 per cent of the UK's GDP, 16 per cent of Ireland's and 11 per cent of Dubai's. In India Construction sector contributes to 6 percent of GDP and this contribution is going up every year. Recently Government of India has taken an important decision liberalise norms of foreign direct investment in the construction sector. The Government has permitted 100 per cent foreign direct investment in the construction sector with the liberty to repatriate profits after a three-year period. The minimum project size for foreign investors has also been reduced from the present norms, based on feedback from prospective investors. These decisions open up immense possibilities, not just for the real estate and construction sectors, but also for the economy as a whole. (Source: www.theconstructionworld.com)

The construction industry has been assisting in overall economic development, as its contribution to GDP has gone up from 5.7 per cent in FY00 to around 7.0 per cent during FY07. In fact, during FY03-FY07, the sector grew by 16.5 per cent per annum.

Opportunities in real estate & construction industry

- Real Estate and Construction is a US\$1600 crores (2006) industry in India.
- Over 200 lacs new housing units required in 5 years.
- There has been a rapid growth in the industry for past few years. High demand growth has led to prices doubling over 3 years in many cities.
- Real Estate share in total FDI has been increased from 10% in 2004-05 to over 25% in 2006-07 (estimated at over US\$500 crores).
- 100% FDI is allowed in real estate development subject to minimum scale norms of either:
 - 25 acres in case of serviced plots or integrated townships; or.
 - 50,000 sq. mtrs. of built-up area for construction development projects.
- Active participation of institutional finance in Real Estate



Coromandel Engineering Company Limited

- Real Estate venture funds permitted: Prominent Indian corporates like Tata, ICICI Bank, SBI and HDFC have promoted real estate venture funds
- Real Estate Investment Trusts (REITs) expected to be set up shortly
- Several Private Equity firms have specific funds for Real Estate investments. Real Estate fast displacing IT/ITeS as the top private equity investment sector in India
(Source: www.investmentcommission.in)

Growth potential in real estate & construction industry

- Several factors are expected to contribute to the rapid growth in Real Estate.
 - Large demand-supply gap in affordable housing, with demand being fuelled by tax incentives and a growing middle class with higher savings.
 - Increasing demand for commercial and office space especially from the rapidly growing Retail, IT/ ITeS and Hospitality sectors.
 - The recently announced JNNURM expected to provide further impetus.
- Investment opportunities exist in almost every segment of the business.
 - Housing: About 200 lacs new units expected to be built in five years.
 - Office space for IT/ITeS: Five-fold increase in office space requirement over the next 3 years.
 - Commercial space for organised retailing: 2000 lacs sq. ft. by 2010.
 - Hotels & Hospitality: Over 40,000 new rooms in the next 5 years.
- Investment opportunity of over US\$7500 crores in the next five years.
- Major foreign institutional investors including Morgan Stanley, Goldman Sachs, Merrill Lynch, AIG, Blackstone and Calpers have invested/are investing in Indian real estate.
(Source: www.investmentcommission.in)

COMPANY SUMMARY

We belong to the 'Murugappa Group of Companies'. Presently we are engaged in two distinct activities namely:

- **Construction**
- **Property Development**

Construction

We are providers of integrated turn-key construction services and have executed or are executing projects across all states and union territories in India. We provide integrated turn-key construction services in the industrial, commercial, infrastructure and residential sectors of the construction industry. Our integrated turn-key construction services include a range of (i) construction services such as construction design, engineering, procurement, construction and project management and (ii) construction allied services such as mechanical and electrical ("M&E"), plumbing, fire-fighting, heating, ventilation and air conditioning, interior fit-out services and glazing solutions.

We are a professionally managed company headed by civil engineers, and have constructed significant industrial structures for leading industrial houses and government organizations. Construction of power plants, pre-fabricated buildings, turbo generator foundations and other mass foundations has been a fulfilling experience. We specialize in construction of silos for cement plants and tall tapering structures for T.V.Towers using imported slip form equipment.

As of March 31, 2008, the total value of our order book was Rs. 8250 Lacs. These projects include industrial structures, commercial building & educational institution. Our order book consists of (i)



Coromandel Engineering Company Limited

unbilled portions of our ongoing projects and (ii) projects for which we have received orders and are yet to commence construction.

Property Development

We are also into the business of property development, with our significant operations in the State of Tamilnadu. Our business focuses on Real Estate Development of Residential and Commercial sector. We have an integrated in-house development team which covers all aspects of property development from project identification and inception through construction to completion and sale.

We commenced our property development activity in the year 1987-88. Since then we have developed over 30 residential projects covering approximately 6.54 lacs square feet of saleable area. Our commercial projects are a mix of office space. We usually follow an “Undivided Land sale & Construction Contract” model for the properties we develop.

Our income from proceeds of contract jobs and merchant sales for the nine months ended December 31, 2007 and for financial year ended March 31, 2007, were Rs. 4,438.15 lacs, Rs.4502.40 lacs, respectively.

COMPETITIVE STRENGTHS

We believe that the following are our primary competitive strengths:

- **Experienced Management and Employees**

Headed by Civil Engineers, our management team has significant experience in the construction & property development sector. Our management and professional personnel have extensive experience in anticipating market trends, identifying new markets and potential sites for development. Their experience includes relationships with the suppliers from whom we source construction materials and the contractors we engage for construction services, allowing us to better manage the quality, schedule and cost of the materials and construction in our projects. We believe that this experience and expertise will enable us to replicate our business model in other geographic areas of India and for other types of projects.

- **Established Reputation for Quality Projects and Construction**

Since our incorporation in 1947, we have successfully completed several projects. We have never experienced any significant quality issues nor have we ever been cited for any material deficiencies in construction of our projects. We believe customers identify our projects with quality construction and, as a result, we enjoy customer confidence, enhancing our ability to sell our projects.

- **Our standardised and documented internal processes.**

Under the guidance of our Management, we have documented our internal processes and methodologies which ensure that each department and each employee of our Company are aware of their respective roles and obligations, and each activity of construction and development is as per the standards of quality that we have set for ourselves. This also ensures uniformity in all our processes.

Issue Details

Issue of 16,47,390 Equity Shares of Rs. 10/- each at a premium of Rs. 10/- per equity share (Issue Price of Rs. 20/-) aggregating Rs. 329.48 lacs on rights basis to the existing Equity Shareholders of the Company in the ratio of 1 (One) Equity Share for every 1 (One) Equity Share held on 20/08/2008 (Record Date). The face value of the Equity Shares is Rs. 10/- per share and the Issue Price is two times the face value.



SUMMARY OF FINANCIAL DATA

Please read the following data in conjunction with the detailed Auditors' Report commencing on page no. 70 under the heading 'FINANCIAL INFORMATION'

Summary Statement of Standalone Assets & Liabilities (As Restated)

(Rs. in lacs)

Particulars	31.03.2008	31.03.2007	31.03.2006	31.03.2005	31.03.2004
Assets					
Fixed assets					
Gross Block	829.32	343.56	150.79	146.63	133.05
Less: Depreciation	135.55	94.54	71.40	114.20	103.71
Net Block	693.77	249.02	79.39	32.43	29.34
Add Capital Work-in-progress	19.72	-	-	-	-
Fixed assets	713.49	249.02	79.39	32.43	29.34
Investment	1.20	1.12	31.12	31.12	35.88
Deferred Tax Asset(Liability)	(12.56)	0.37	2.33	10.91	18.82
Current Assets Loans & Advances					
Interest Accrued	5.35	5.15	8.44	7.44	4.31
Inventories	680.73	551.04	127.99	73.33	188.07
Sundry Debtors	2476.07	1665.06	676.64	623.06	381.44
Cash & Bank Balances	136.94	137.26	105.69	110.09	46.27
Loans & Advances	3502.53	1571.54	835.34	732.14	440.08
Total	6801.62	3930.05	1754.10	1546.06	1060.17
Total Assets (A)	7503.75	4180.56	1866.94	1620.52	1144.21
Liabilities					
Secured Loans	2297.71	1293.47	269.23	205.80	157.40
Unsecured Loans	700.00	651.98	307.13	305.34	73.47
Current Liabilities & Provision	3574.76	1632.51	859.15	768.25	589.99
Total Liabilities (B)	6572.47	3577.96	1435.51	1279.39	820.86
Net Worth (A-B)	931.28	602.60	431.43	341.13	323.35
Represented by					
Equity Share Capital	164.74	164.74	164.74	164.74	164.74
Reserves & Surplus					
Capital Reserve	7.24	7.24	7.24	7.24	7.24
General Reserve	348.13	183.13	155.00	152.94	155.00
Investment Allowance Reserve	77.71	77.71	77.71	77.71	77.71
Balance in Profit & Loss Account	333.46	169.78	26.74	(61.50)	(81.34)
Total Reserves & Surplus	766.54	437.86	266.69	176.39	158.61
Less: Miscellaneous Expenses (To the extent not written off)	-	-	-	-	-
Net Worth	931.28	602.60	431.43	341.13	323.35



Summary Statement of Standalone Profit & Loss (As Restated)

(Rs. in lacs)

Particulars	Year Ended				
	31.03.2008	31.03.2007	31.03.2006	31.03.2005	31.03.2004
Income					
Proceeds on Contract Jobs					
- Civil Contract	5,638.88	3,785.93	2,158.61	1,809.12	1,499.56
- Property Development	1,016.07	647.36	232.64	231.20	-
Merchant sales	145.89	69.11	1.24	14.43	7.55
Other Income	22.87	19.02	93.16	27.28	13.62
Total	6823.71	4521.42	2485.65	2082.03	1520.73
Expenditure					
(Increase)/Decrease in work in progress	(153.58)	9.57	(8.90)	126.90	(28.71)
Contract Expenses	5921.29	3958.04	2146.45	1781.00	1433.34
Cost of Merchant sales	142.67	68.30	0.76	13.74	5.81
Salaries & Other Benefits	157.02	96.97	76.17	67.47	59.68
Other Expenses	125.85	89.60	111.36	42.47	43.93
Total	6193.25	4222.48	2325.84	2031.58	1514.05
Net Profit Before Interest, Depreciation, Tax and Extra-ordinary Items	630.46	298.94	159.81	50.45	6.68
Depreciation	42.87	25.15	14.34	7.38	7.97
Interest & Financial Charges	60.09	21.97	6.35	13.69	8.91
Profit/Loss before Tax and Extra-ordinary items	527.50	251.82	139.12	29.38	(10.20)
Current Tax	81.70	44.85	11.06	2.43	-
Deferred tax	29.62	1.96	8.58	8.96	(14.70)
Fringe Benefit Tax	3.31	2.05	3.77	-	-
Profit/Loss after Tax but before Extra-ordinary Items	412.87	202.96	115.71	17.99	4.50
Extra-ordinary Income/ (Expenditure)	-	-	-	-	(48.41)
Profit/Loss after Extra-ordinary Items	412.87	202.96	115.71	17.99	(43.91)
Employee Benefits	(10.77)	(19.17)	(10.00)	1.26	(8.18)
Short/excess Income Tax adjusted	-	-	-	1.05	-
Tax Effect of the above adjust	3.65	6.45	3.37	(0.46)	2.93
Net Adjustment	(7.12)	(12.72)	(6.63)	1.85	(5.25)
Restated Net Profit After Taxation	405.75	190.24	109.08	19.84	(49.16)
Add:Balance brought forward from last year	169.78	26.74	(61.50)	(81.34)	(32.18)
Transfer from Subsidiary on Merger	-	21.99	-	-	-
Profit available for appropriation	575.53	238.97	47.58	(61.50)	(81.34)
Proposed Dividend	65.90	41.19	16.47	-	-
Tax thereon	11.17	7.00	2.31	-	-
Transfer to General Reserve	165.00	21.00	2.06	-	-
Profit Transferred to B/S	333.46	169.78	26.74	(61.50)	(81.34)

The above should be read in conjunction with the Significant Accounting Policies given in Annexure III (A) and with the Notes to Accounts given in Annexure III (B) to the Auditors Report as appearing on page. 75 of this Letter of Offer.



THE ISSUE

Type of Issue	Type of Instrument	No. of equity shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration
Rights Issue	Equity Shares	16,47,390	10/-	20/-	Cash

ISSUE BREAK-UP

Particulars	No. of Equity Shares
Equity Shares offered (Issue Size)	16,47,390 Equity Shares
Entitlement Ratio	The Equity Shares are being offered on rights basis to the existing Equity Shareholders of the Company in the ratio of 1 (One) Equity Share for every 1 (One) Equity Share held as on the Record Date.
Market Lot	The market lot for the Equity Shares in dematerialised mode is one. In case of physical certificates, the Company would issue one certificate for the Equity Shares allotted to one folio ("Consolidated Certificate").
Equity shares outstanding prior to the Issue	16,47,390 Equity Shares
Equity shares outstanding after the issue	32 94 780 Equity Shares

Use of proceeds:

Please see section titled "Objects of the Issue" on page 16 of this Offer Document

ISSUE SCHEDULE

ISSUE OPENS ON	LAST DATE FOR RECEIVING REQUESTS FOR SPLIT FORMS	ISSUE CLOSES ON
Saturday, 30th August, 2008	Saturday, 13th September, 2008	Monday, 29th September, 2008



GENERAL INFORMATION

Dear shareholder(s),

The Board of Directors at their meeting held on 26/02/2008 had decided to make the offer to the existing shareholders of the Company on Rights basis. A special resolution in respect of this rights issue was passed by the shareholders of the Company vide Postal Ballot, the result of which was announced on 04/04/2008. The Board of Directors have decided to make the following offer to the existing shareholders of the company:

Issue of 16,47,390 Equity Shares of Rs. 10/- each at a premium of Rs. 10/- per equity share (Issue Price of Rs.20/-) aggregating Rs.329.48 lacs on rights basis to the existing Equity Shareholders of the Company in the ratio of 1 (One) Equity Share for every 1 (One) Equity Share held on 20/08/2008 (Record Date). The face value of the Equity Shares is Rs. 10/- per share and the Issue Price is 2 times the face value.

Name of the Company	:	Coromandel Engineering Company Limited
Registered Office	:	Parry House, 3rd Floor 43, Moore Street, Chennai - 600 001. Tel: 91-044-2534 1513; Fax: 91-044-2534 2822 Email: coromandelengg@cec.murugapppa.com
Corporate Identity Number	:	U74910TN1947PLC000343
Contact person:	:	Ms. Vandana R., Compliance Officer & Company Secretary
Registrar of Companies	:	Block no.6,B wing, 2nd floor, Shastri bhawan 26, Haddows Road, Chennai - 600034, Tamil Nadu

IMPORTANT

1. This Issue is applicable to such Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the depositories in respect of the Equity Shares held in the electronic form and on the Register of Members of the Company at the close of business hours on 20/08/2008 (Record Date)
2. Your attention is drawn to the section on risk factors starting from page no. v of this Letter of Offer.
3. Please ensure that you have received the CAF with this Letter of Offer.
4. Please read the Letter of Offer and the instructions contained herein and in the CAF carefully before filling in the CAFs. The instructions contained in the CAF are an integral part of this Letter of Offer and must be carefully followed. An application is liable to be rejected for any non compliance of the Letter of Offer or the CAF.
5. All enquiries in connection with this Letter of Offer or CAFs should be addressed to the Registrar to the Issue, quoting the Registered Folio number/ DP and Client ID number and the CAF numbers as mentioned in the CAFs.
6. The Lead Manager and the Company shall make all information available to the Equity Shareholders and no selective or additional information would be available for a section of the Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of the Letter of Offer with SEBI.
7. All the legal requirements as applicable till the filing of the Letter of Offer with the Designated Stock Exchange have been complied with.



BOARD OF DIRECTORS

The Board of Directors of the Company comprises of:

Name of the Director	Designation	Status
Mr. M.A.M. Arunachalam	Director	Non Executive and Non - Independent
Mr. K.T.Kumar	Director	Non Executive and Independent
Mr. S. S. Rajasekar	Director	Non Executive and Independent
Mr. J Srinivasan	Director	Non Executive and Independent
Mr. V. Venkiteswaran	Director	Non Executive and Independent

For further details of the Board of Directors of our Company, please refer to the chapter titled "Management" on page. 47 of this Letter of Offer

ISSUE MANAGEMENT TEAM

Compliance Officer & Company Secretary

Ms. Vandana R.

Company Secretary

Coromandel Engineering Company Limited

Regd. Office: 43, Moore Street, Chennai-600 001

Tel: (044) 4216 6988

Fax: (044) 4213 7082

E-Mail: coromandelengg@cec.murugappa.com

Legal Advisors to the Issue

AR. Ramanathan

Advocates

New No 11, Old No 6 , First Main Road, C.I.T.

Colony, Mylapore, Chennai – 600004

Tel: (044) 4353 6558

E-Mail: arramanathan@airtelbroadband.in

Bankers to the Company

Indian Bank

Harbour Branch,

66, Rajaji Salai, Chennai – 600 001

Tel: (044) 2523 0770

Fax: (044) 25210342

Lead Manager to the Issue

KEYNOTE

CORPORATE SERVICES LTD

KEYNOTE CORPORATE SERVICES LIMITED

4th Floor, Balmer Lawrie Building,

5, J. N. Heredia Marg, Ballard Estate,

Mumbai – 400 001

SEBI Regn No: INM 000003606

Tel : +91 022 30266000-3; **Fax:** + 91 022 22694323

Website: www.keynoteindia.net

E-mail: mbd@keynoteindia.net

Contact Person: Mr. Janardhan Wagle

Registrar to the Issue



Karvy Computershare Private Limited

KARVY COMPUTERSHARE PRIVATE LIMITED

Karvy House, 46, Avenue 4, Street No. 1,

Banjara Hills, Hyderabad- 500034.

Tel : +91-40- 2342 0815; **Fax :** +91-40- 2342 0814

Toll Free No: 1-800-345 4001

Website : www.karvy.com

E-Mail : einward.ris @karvy.com

SEBI Registration. No : INR000000221

Contact Person: Mr. Muralikrishna

Bankers to the Issue

Indian Bank

Harbour Branch,

66, Rajaji Salai, Chennai – 600 001

Tel: (044) 2523 0770

Fax: (044) 25210342

E-mail: harbour@indianbank.co.in

Contact Person: Mr. Vipon Malohtra
(Assistant General Manager)

Auditors to the Company

M/s Sundaram & Srinivasan

Chartered Accountants

23, C.P. Ramaswamy Road,

Alwarpet, Chennai – 600 018

Tel: (044) 2498 8762

Fax: (044) 2498 8463

E-mail: yessendes@vsnl.net



INTER SE ALLOCATION OF RESPONSIBILITIES

Not Applicable

CREDIT RATING/DEBENTURE TRUSTEE

This being Rights Issue of equity shares, no Credit Rating or appointment of Debenture Trustee is required.

MONITORING AGENCY

Not Applicable

APPRAISING ENTITY

Not Applicable

MINIMUM SUBSCRIPTION

- i. If the Company does not receive minimum subscription of 90% of the issue, the entire subscription shall be refunded to the applicants within forty two days from the date of closure of the issue.
- ii. If there is delay in the refund of subscription by more than 8 days after the company becomes liable to pay the subscription amount (i.e., forty two days after closure of the issue), the company will pay interest for the delayed period, at prescribed rates in sub-sections (2) and (2A) of Section 73 of the Companies Act, 1956.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of Sub-Section (1) of Section 68A of the Companies Act, 1956 which is reproduced below:

"Any person who-

- (a) makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or
- (b) otherwise induces a Company to allot or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."

UNDERWRITING/ STANDBY SUPPORT

This issue of equity shares is not being underwritten and/or no standby support is being sought for the said issue.



CAPITAL STRUCTURE OF THE COMPANY

Details as on the date of this Offer Document	Aggregate Nominal Value (Rs.)
A. Authorised Capital 40,00,000 Equity Shares of Rs. 10/- each	4,00,00,000
B. Issued, Subscribed & Paid-up Capital 16,47,390 Equity Shares of Rs. 10/- each, fully paid - up	1,64,73,900
C. Present Rights Issue 16,47,390 Equity shares of Rs. 10/- each for cash at a premium of Rs. 10/- per share	1,64,73,900
D. Post Issue Capital 32,94,780 Equity shares of Rs. 10/- each	3,29,47,800
E. Share Premium Account Before the offer After the offer	Nil 1,64,73,900

Notes to Capital Structure:

1. Changes in the Authorised Capital of the Company:

Sr. No.	Details of increase in authorised share capital	Date
1	Incorporation Rs. 7.00 lacs divided into 7,000 equity shares of Rs.100 each	03/09/1947
2	Increased to Rs. 14.00 lacs divided into 14,000 equity shares of Rs. 100 each	28/11/1960
The face value of shares were reduced from Rs. 100/- to Rs. 10/- vide resolution passed at the Extra ordinary general body meeting dated 16/04/1975		
3	Increased to Rs. 25 lacs divided into 2,50,000 equity shares of Rs. 10/- each	16/04/1975
4	Increased to Rs. 70.00 lacs divided into 7,00,000 equity shares of Rs. 10 each	08/09/1978
5	Increased to Rs. 160.00 lacs divided into 16,00,000 equity shares of Rs. 10 each	29/09/1986
6	Increased to Rs. 400.00 lacs divided into 40,00,000 equity shares of Rs. 10 each	15/04/1992

2. Details of increase in the paid-up Equity Share capital are as follows:

Date of Allotment	Face Value (Rs.)	Issue Price (Rs.)	No. of Shares	Cumulative No. of shares	Nature of allotment	Consideration
04/09/1947	100	100	3,500	3,500	Subscribers to MOA	Cash
15/11/1951	100	100	1,750	5,250	Further issue of shares	Cash
01/10/1953	100	100	1,750	7,000	Further issue of shares	Cash
28/11/1960	100	100	2,333	9,333	Further issue of shares	Cash



Coromandel Engineering Company Limited

Date of Allotment	Face Value (Rs.)	Issue Price (Rs.)	No. of Shares	Cumulative No. of shares	Nature of allotment	Consideration
19/03/1966	100	100	667	10,000	Further issue of shares	Cash
21/07/1972	100	100	2,000	12,000	Further issue of shares	Cash
The face value of shares were reduced from Rs. 100/- to Rs. 10/- vide resolution passed at the Extra ordinary general body meeting dated 16/04/1975						
01/10/1975	10	10	40,000	1,60,000	Further issue of shares	Cash
16/13/1979, 26/03/1979 & 29/03/1979	10	10	80,000	2,40,000	Further issue of shares	Cash
14/11/1983	10	Nil	1,44,000	3,84,000	Bonus (Ratio 3:5)	Nil
31/03/1989	10	10	1,295	3,85,295	Further issue of shares to the share holders of Polutech Ltd. (Ratio- 1:4) on its amalgamation with CECL	Amalgamation
31/08/1989	10	10	3,85,295	7,70,590	Rights Issue (Ratio- 1:1)	Cash
31/08/1989	10	10	1,800	7,72,390	Allotted to employees	Cash
24/08/1992	10	10	8,75,000	16,47,390	Further issue of shares to The Share Holders Of Coromandel Prodorite Private Ltd. (Ratio-5:2) on its amalgamation with CECL	Amalgamation
TOTAL			16,47,390			

Note: To attain the listing status, an Offer for sale of 94,000 equity shares of Rs. 10/- each at par was made during December 1975

3. Promoters' Contribution and Lock-in

The present issue being a rights issue, provisions of promoters' contribution and lock-in are not applicable.

4. Present Rights Issue :

Type of Instrument	Ratio	Face Value (Rs.)	No. of shares	Issue Price (Rs.)	Consideration
Equity Shares	1:1	10/-	16,47,390	20/-	Cash



Coromandel Engineering Company Limited

Pre & Post issue shareholding pattern of the Company assuming full subscription in the rights issue is given below :-

	Category of Shareholder	No. of shareholders (Pre issue)	Pre-issue (As on the date of this Document)		Post-issue	
			Number of Shares	%	Number of Shares	%
(A)	Shareholding of Promoter and Promoter Group					
1	Indian					
(a)	Individuals/ Hindu Undivided Family	39	8,88,666	53.94	17,77,332	53.94
(b)	Central Government/ State Government(s)/ Government company		-	-	-	-
(c)	Bodies Corporate	9	2,93,377	17.81	5,86,754	17.81
(d)	Financial Institutions/ banks		-	-	-	-
(e)	Any Other (specify - Trust & Foundation)					
	Sub- Total (A)(1)	48	11,82,043	71.75	23,64,086	71.75
2	Foreign					
(a)	Individuals (Non-Resident Individuals/ Foreign non Individuals)		-	-	-	-
(b)	Bodies Corporate		-	-	-	-
(c)	Institutions		-	-	-	-
(d)	Any other (specify)		-	-	-	-
	Sub-Total (A)(2)		-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	48	11,82,043	71.75	23,64,086	71.75
(B)	Public shareholding					
1	Institutions					
(a)	Mutual Funds/ UTI	-	-	-	-	-
(b)	Financial Institutions/ Banks	-	-	-	-	-
(c)	Central Government/ State Government(s)	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-
(f)	Foreign Institutional Investors		-	-	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-
(h)	Any Other (specify) (Foreign National)	-	-	-	-	-
	Sub-Total (B)(1)	-	-	-	-	-
2	Non-institutions					
(a)	Bodies Corporate	-	-	-	-	-
(b)	Individuals-					
	i. Individual shareholders holding nominal share capital up to Rs. 1 lakh.	643	1,49,825	9.09	2,99,650	9.09
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	10	3,15,522	19.15	6,31,044	19.15
(c)	Individuals (Non-Resident Individuals/ Foreign non Individuals)	-	-	-	-	-
(d)	Overseas Corporate Bodies	-	-	-	-	-
(e)	Clearing Members	-	-	-	-	-



	Category of Shareholder	No. of shareholders (Pre issue)	Pre-issue (As on the date of this Document)		Post-issue	
			Number of Shares	%	Number of Shares	%
(f)	Hindu Undivided Family	-	-	-	-	-
	Sub-Total (B)(2)	653	4,65,347	28.25	9,30,694	28.25
	Total public shareholding (B)= (B)(1)+(B)(2)	653	4,65,347	28.25	9,30,694	28.25
	TOTAL (A)+(B)	701	16,47,390	100.00	32,94,780	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued		-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	701	16,47,390	100.00	32,94,780	100.00

The total number of shareholders as on 30/06/2008 in the company is 701.

5. The shareholding pattern of the promoter group is as detailed below

Particulars	Present		Post Rights	
	No. of equity shares of Rs. 10/- each	% of present capital	No. of equity shares of Rs. 10/- each	% of post issue capital
a) Promoters				
M V Murugappan	40,344	2.45	80,688	2.45
M V Subbiah	19,930	1.21	39,860	1.21
M A Alagappan	85,670	5.20	1,71,340	5.20
A Vellayan	36,945	2.24	73,890	2.24
SUB - TOTAL	1,82,889	11.10	3,65,778	11.10
b) Immediate relatives of promoters (Spouse, Parent, Child, Brother, Sister):	2,53,073	15.36	5,06,146	15.36
c) Company in which 10% or more of the share capital is held by the promoter/his immediate relative, firm or HUF in which the promoter or his immediate relative is a member.				
Ambadi Enterprises Ltd	-	-	-	-
SUB - TOTAL	-	-	-	-
d) Company in which the Company mentioned in © above holds 10% or more of the share capital				
Parry Murry Co Ltd, UK	-	-	-	-
SUB - TOTAL	-	-	-	-
e) HUF in which aggregate share of the promoter and his immediate relatives is equal or more than 10% of the total.				
SUB - TOTAL	-	-	-	-
Persons Acting in Concert	7,46,081	45.29	14,92,162	45.29
GRAND TOTAL	11,82,043	71.75	23,64,086	71.75

Presuming no subscription is received from other shareholders and the promoters/promoter group subscribing to the entire unsubscribed portion, their shareholding shall increase to 85.88 % of the post rights issue equity capital of the Company. As a result of this subscription and consequent allotment, the promoters/promoter group may acquire shares over and above their entitlement in the issue which may result in their shareholding in the company being above their current holding This subscription and



acquisition of additional equity shares by the Promoter/promoter group, if any, will not result in change of control of the management of the Company and shall be exempt in terms of provision to Regulation 3(1)(b)(ii) of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997.

The promoters/promoter group have confirmed that in case the Rights Issue of the Company is completed with their subscribing to equity shares over and above their entitlement and as a result, if the public shareholding in the Company after the Issue falls below the permissible minimum level as specified in the listing condition or listing agreement, they will make an offer for sale of their holdings so that the public shareholding is raised to the minimum level specified in the listing agreement or in the listing conditions within a period of 3 months, as per the requirements of sub-clause 17.2 of SEBI (Delisting of Securities) Guidelines, 2003 or as per any amendment thereto

6. Our Company has not issued any warrant, option, convertible loan, debenture or any other securities convertible at a later date into equity, which would entitle the holders to acquire further equity shares of the Company.
7. There are no transactions in the securities of our Company during preceding 6 months which were financed/undertaken directly or indirectly by the promoters, their relatives, their group companies or associates or by the above entities directly or indirectly through other persons.
- 8.a) The ten largest shareholders two years prior to the date of filing of this Letter of Offer with Stock Exchanges are as follows:

Serial No.	Name of the Shareholders	No. of Equity Shares	% of total issued equity share capital
1.	Mr. M.A.Alagappan	85670	5.20
2.	Mr. Murugappan M M	82600	5.01
3.	Mr. Ramanathan P.V. Rm Kl	80864	4.91
4.	Mr. Venkatachalam M M	64030	3.89
5.	Mr. Ramanathan K L	63024	3.83
6.	New Ambadi Estates Pvt. Ltd.	62602	3.80
7.	Ms. Seethalakshmi M M	61916	3.76
8.	Mr. Alagammai A A	57414	3.49
9.	Murugappa Educational & Medical Foundation	55502	3.37
10.	Ms. Meyyammai A M	55400	3.36

- 9.b) The ten largest shareholders 10 days prior to the date of filing of the Letter of Offer with Stock Exchanges are as follows:

Serial No.	Name of the Shareholders	No. of Equity Shares	% of total issued equity share capita
1	Mr. M.A.Alagappan	85670	5.20
2	Mr. Murugappan M M	82600	5.01
3	Mr. Ramanathan P.V. Rm Kl	80864	4.91
4	Mr. Venkatachalam M M	64030	3.89
5	Mr. Ramanathan K L	63024	3.83
6	New Ambadi Estates Pvt. Ltd.	62602	3.80
7	Ms. Seethalakshmi M M	61916	3.76
8	Mr. Alagammai A A	57414	3.49
9	Murugappa Educational & Medical Foundation	55502	3.37
10	Ms. Meyyammai A M	55400	3.36



Coromandel Engineering Company Limited

- 9.c) The ten largest shareholders as on the date of filing of the Letter of Offer with Stock Exchanges are as follows:

Serial No.	Name of the Shareholders	No. of Equity Shares	% of total issued equity share capita
1	Mr. M.A.Alagappan	85670	5.20
2	Mr. Murugappan M M	82600	5.01
3	Mr. Ramanathan P.V. Rm Kl	80864	4.91
4	Mr. Venkatachalam M M	64030	3.89
5	Mr. Ramanathan K L	63024	3.83
6	New Ambadi Estates P.LTd	62602	3.80
7	Ms. Seethalakshmi M M	61916	3.76
8	Mr. Alagammai A A	57414	3.49
9	Murugappa Educational & medical Foundation	55502	3.37
10	Ms. Meyyammai A M	55400	3.36

9. Our Company/Promoters/Directors/Lead Manager has not entered into buy back or similar arrangements for purchase of securities issued by our Company.
10. The entire issue price is to be paid on application hence there will be no partly paid up shares arising out of this issue.
11. The equity shares of our company are of face value of Rs.10/- and marketable lot is 1 (one) for Demat and 50 for physical. At any given time there shall be only one denomination for the shares of the Company and the disclosures and accounting norms specified by SEBI from time to time will be complied with.
12. We shall not make any further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or public issue or in any other manner during the period commencing from the submission of the Letter of Offer to SEBI for the Rights Issue till the securities referred in the Letter of Offer have been listed or application money refunded on account of failure of the issue.
13. Further, presently we do not have any proposal, intention, negotiation or consideration to alter the capital structure by way of split/ consolidation of the denomination of the shares/ issue of shares on a preferential basis or issue of bonus or rights or public issue of Equity Shares or any other securities within a period of six months from the date of opening of the present Issue. However, if business needs of our Company so require, we may alter the capital structure by way of split/ consolidation of the denomination of the shares/ issue of shares on a preferential basis or issue of bonus or rights or public issue of shares or any other securities whether in India or abroad during the period of six months from the date of listing of the Equity Shares issued under this Letter of Offer or from the date the application moneys are refunded on account of failure of the Issue, after seeking and obtaining all the approvals which may be required for such alteration.
14. The total numbers of shareholders in our company as on 30/06/2008 is 701.



OBJECTS OF THE ISSUE

The object of the issue is to raise funds to meet our working capital requirement and to meet the expenses of the issue.

The main object clause of the Memorandum and Articles of Association of our Company enables us to undertake the existing activities and the activities for which the funds are being raised through the present issue.

Cost of project

	(Rs. In Lacs)
Meeting working capital requirements	299.48
Meeting the expenses of the Issue	30.00
Total	329.48

Means of Finance

	(Rs. In Lacs)
Proceeds of the Rights Issue	329.48
Total	329.48

MEETING WORKING CAPITAL REQUIREMENT

We are engaged in the business of Construction and Property Development. The proceeds from this Rights Issue will be mainly used to augment the capital base of our company to meet the future capital requirements arising out of growth in our business.

The detailed calculation of the working capital requirement which is partly to be funded through the proceeds of the issue is as under:

	(Rs. in Lacs)
Particulars	Estimates as on 31/03/2009
(A) Current Assets	
1. Inventories	500.00
2. Receivables	2,700.00
3. Other Current Assets	7,710.00
Total Current Assets (A)	10,910.00
(B) Current Liabilities	
1. Creditors	825.00
2. Other liabilities	5825.00
Total Current Liabilities (B)	6,650.00
Working Capital	4,260.00
Less: Margin (25%) *	1065.00
Net Working Capital	3195.00
To be financed by:	
Bank	2895.52
Proceeds of the rights issue	299.48

* The margin required for the working capital of the Company will be funded through the internal accruals of the Company

We currently enjoy working capital facility to the extent of Rs. 2000.00 lacs from Indian Bank, Harbour Branch, Chennai. We have applied to Indian Bank for the additional working capital facility to the tune of Rs. 10.00 crores vide our letter dated 29/07/2008.



Basis of estimation of working capital requirement

Particulars	No. of days
Inventory	20
Debtors	75
Creditors	28

MEETING THE EXPENSES OF THE ISSUE

The breakup of estimated issue expenses is as under:

(Rs. in Lacs)	
Activity	Amount
Fees to the intermediaries	22.00
Printing & Stationery and Postage expenses	1.50
Advertisement	1.50
Miscellaneous Expenses	5.00
Total estimated Issue expenses	30.00

YEAR WISE BREAK UP OF FUNDS

Since the entire funds would be utilized before 31/03/2009, the year wise break up of expenditure to be incurred is not given.

INTERIM USE OF FUNDS

Pending deployment the funds raised through the rights issue would be deployed by our company judiciously in the fixed deposits of the Banks and other short term investment opportunities.

BASIC TERMS OF THE ISSUE

The Equity shares being offered are subject to the provisions of the Companies Act, 1956, the Memorandum and Articles of Association of our Company, the terms of this Letter of Offer and other terms and conditions as may be incorporated in the Allotment advice and other documents /certificates that may be executed in respect of the issue. The Equity shares shall also be subjected to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, GOI, RBI, ROC and /or other authorities as in force on the date of issue and to the extent applicable



BASIS FOR ISSUE PRICE

QUALITATIVE FACTOR

Part of the Murugappa group of companies, which provides integrated turn-key construction services in the industrial, commercial, infrastructure and residential sectors of the construction industry for the past 60 years with experienced management team.

QUANTITATIVE FACTORS

(a) **Earnings Per Share (EPS)**

Year Ended	EPS (Rs)	Weights
31/03/2006	6.62	1
31/03/2007	11.55	2
31/03/2008	24.63	3
Weighted Average EPS	17.27	

(b) **Price Earning Ratio (PE)**

Particulars	Offer Price of Rs.20/- per share
P/E (based on EPS of the financial year ended 31/03/2008)	0.81
P/E (based weighted average EPS)	1.16

(c) **Return on Networth (RONW)**

Year Ended	RONW (%)	Weights
31/03/2006	25.28	1
31/03/2007	31.57	2
31/03/2008	43.57	3
Weighted Average RONW	36.52	

(d) **Minimum return on increased net worth required to maintain pre-issue EPS of Rs. 24.63 is 65.94%**

(e) **Net Asset Value (NAV)**

Pre issue as on March 31, 2008 (Rs.)	56.53
Post Issue (Rs.)	37.35

(f) **Industry P/E Ratio**

Highest (ITD Cementation India Limited)	39.10
Lowest (Lok Housing and Construction Limited)	2.80
Industry Composite	17.30
Source: Capital Market Issue July 14 -July 27, 2008; Segment- Construction	



Comparison of key ratios with the companies in the same industry group

Company Name	Equity (Rs. in Cr.)	Book Value 31/03/2008 (Rs.)	Sales for the year ended 31/03/2008 (Rs in Cr.)	EPS (Rs.)	P/E Ratio at the market price as on 06/08/2008
Noida Toll Bridge Company Ltd	186.19	19.80	66.40	1.50	24.80
MSK Projects (India) Limited	22.82	111.50	244.10	7.40	10.47
Kaushalya Infrastructure Development Corporation Ltd	19.61	41.60	70.00	1.30	21.34
Orbit Corporations Ltd.	36.27	123.10	417.00	45.90	6.17
Ganesh Housing Corporation Ltd.	32.65	128.00	127.40	32.50	6.78
Consolidated Construction Consortium Ltd	36.96	122.00	1448.10	23.10	24.71
Source: Capital Market Issue July 14 -July 27, 2008; Segment- Construction					
Coromandel Engineering Company Limited	1.65	56.53	68.23	24.63	0.81*

* Based on Issue Price of Rs. 20/- per equity share

The Issue Price of Rs. 20/- per share is two times the Face Value of Rs.10/- per share of the Equity Shares. The equity shares of the Company are presently not traded on MSE.

Considering the above qualitative and quantitative factors, the issue price of Rs.20/- per equity share (i.e; at a premium of Rs. 10/- per equity share) is justified.



Statement of Tax Benefits available to the Company and its Shareholders

M/s Coromandel Engineering Company Ltd

"Parry House", 3rd Floor
43, Moore street,
Chennai 600001

Dear Sirs

We hereby report that the enclosed annexure states "General Tax benefits" available to Coromandel Engineering Company Limited ("the Company") and its share holders under the current tax laws in force in India as amended by the Finance Act, 2008

The Company does not enjoy any "Special Tax Benefits". All the above benefits are as per the current tax laws amended by the Finance Bill , 2008 and will be available only to the sole/ first named holder in case the shares are held by joint holders.

We do not express any opinion or provide any assurance as to whether:

- The company or its shareholders will continue to obtain these benefits in future;
- The conditions prescribed for availing the benefits have been/or would be met with.

For **Sundaram & Srinivasan**
Chartered Accountants

Sd/-

M.Padhmanabhan
M. No. F.13291

Place: Chennai
Date: 31/03/2008



Annexure to Statement of "General Tax Benefits" available to Coromandel Engineering Company Limited and its shareholders:

1. INCOME TAX

A. To the Company:

1. The Company will be entitled to claim depreciation allowance at the prescribed rates on tangible and intangible assets under section 32 of the Income Tax Act, 1961 (hereinafter is referred as "Act"). Subject to Company qualifying with the conditions as stated in section 32 (1) (iia) of Act as amended with effect from 01.04.2005, in respect of Plant & Machinery (other than Ships or Aircraft) acquired or installed after 31st day of March 2005, addition depreciation @ 20% shall be allowed.
2. The company is eligible under section 35D of the Act to a deduction equal to one-fifth of certain specific and qualifying expenditure, for a period of five successive years subject to the limits provided and conditions specific therein.
3. Income by way of dividend (as referred to in Sec 115-O of the Act) received from other domestic companies will be exempt from tax.
4. In accordance with the provisions of section 10(38) of the Act, long term capital gains arising on the transfer of securities shall be exempted from tax if such transaction is entered into on at recognized stock exchange in India and such transaction is chargeable to Securities Transaction Tax. Under Section 111A of the Act, Short term capital gains accruing to Company from transfer of short term capital assets, being securities, in a transaction entered into on a recognized stock exchange in India and such transaction is chargeable to Securities Transaction Tax shall be chargeable to tax @ 15% plus applicable surcharge and education cess.
5. Subject to the provisions of section 112 of the Act, Long term capital gains, other than those mentioned in 4 above, will be chargeable to tax @ 20% (plus applicable surcharge and education cess) with indexation benefit and @ 10% (Plus applicable surcharge and education cess) if computed without indexation benefit in case of shares.
6. The Company will be entitled to deduction of the whole of capital expenditure (other than on land) incurred on scientific research related to the business carried on by the Company in the year in which such expenditure is incurred, in accordance with the provisions of Section 35 of the Act.
7. Income in respect of Units from a Mutual Fund u/s 10(23D) of the Act will be exempt in the hands of the Company u/s 10(35) of the Act.
8. The company is eligible to avail the benefit as applicable u/s 80IB(10) of the Income Tax Act subject to certain conditions as per which 100% of the profit derived in the previous year relevant to any assessment year from such housing project the Company is developing and building which have been approved before the 31st day of March, 2007 by the local authority.

B. Benefits to the Members of the Company:-

B. 1. Residents:

- (a) By virtue of Section 10(34) of the Act, dividend declared by the Company referred to in section 115-O of the Act is exempt from tax.
- (b) Under Section 10(38) of the Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company (i.e. capital asset held for the period of twelve months or more) being a transaction entered into in at recognized stock exchange in India and which is chargeable to Securities Transaction Tax, shall be exempt from



tax. Under Section 111A of the Act, capital gains arising from transfer of short term capital assets, being an equity share in the company, which is subject to Securities Transaction Tax will be taxable under the Act @ 15% (plus applicable Surcharge and Education cess).

- (c) Subject to the Long term capital gains, other than those mentioned in (b) above, As per the provisions of Section 112(1) (a) and (b) read with proviso to Section 112(1) of the Act, long-term capital gains on transfer of the shares by an Individual, Hindu Undivided Family and Domestic Companies, computed without indexation of cost of acquisition, would be taxed at the concessional rate of 10% (plus applicable Surcharge and Education Cess) in accordance with the provisions of section 112 of the Act and @ 20% in case the same is computed subject to indexation benefit. In case of individuals and HUF's, where the total taxable income as reduced by long-term capital gain is below the basic exemption limit, the long-term capital gain will be reduced to the extent of the shortfall and only the balance long-term capital gain will be subjected to such tax in accordance with the provision to sub-Section (1) of Section 112 of the Act.
- (d) Subject to the Long term capital gains, other than those mentioned in (b) above, in accordance with and subject to the conditions and to the extent specified in Section 54EC of the Act, long-term capital gains tax arising on transfer of the shares of the Company shall be exempt from capital gains tax to the extent the gains are invested within six months from the date of transfer in the purchase of long-term specified assets.
- (e) Subject to the Long term capital gains, other than those mentioned in (b) above, in accordance with, and subject to the conditions and to the extent specified in Section 54ED of the Act, long-term capital gains tax arising on transfer of the shares of the Company shall be exempt from capital gains tax to the extent the gains are invested within six months from the date of transfer in acquiring equity shares forming part of an eligible issue of capital. In addition the shares should be held for at least one year.
- (f) Subject to the Long term capital gains, other than those mentioned in (b) above, in accordance with, and subject to the conditions and to the extent specified in Section 54F of the Act, long-term capital gains tax arising on transfer of the shares of the Company held by an individual or Hindu Undivided Family shall be exempt from capital gains tax in proportion to the net sales consideration utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years and the individual or HUF does not own any other residential house.

B. 2. Non Residents:

- a. Dividend income received from Company qualifies for exemption under section 10 (34) of the IT Act.
- b. As per the provisions of section 10 (38) of the IT Act long term capital gains arising from the sale of the shares of the Company will be exempt from tax if the transaction is entered into in a recognized stock exchange in India and such transaction is chargeable to Securities Transaction Tax.
- c. As per the provision of Section 111 A, short term capital gains arising from the sale of Company's shares in a transaction entered into in a recognized stock exchange in India and such transaction is chargeable to Securities Transaction Tax, will be chargeable to tax @ 10% plus applicable surcharge and education cess.
- d. As per the provisions of section 112 of the IT Act, the long term capital gains from the transfer of the shares of the Company, otherwise than as mentioned above, shall be charged to tax:
 - i. @ 20% plus applicable surcharge and education cess, if the gains are computed after considering the benefit of indexation;
 - ii. @10% plus applicable surcharge and education cess, if the gains are computed without considering the benefit of indexation.



- e. Non Resident Indian members of the Company can elect to be governed by special provisions as enunciated in section 115 C to 115 I of the Income tax act, according to which exemption from capital gains tax is available subject to those complying with conditions stated in those sections.
 - (i) Under Section 115E of the Act, any income from investment acquired out of convertible foreign exchange will be taxable at 20% (plus applicable Surcharge and Education Cess) while income from long-term capital gains on transfer of shares the Company acquired out of convertible foreign exchange shall be taxed at the rate of 10% (plus applicable Surcharge and Education Cess).
 - (ii) Under Section 115F of the said Act, and subject to the conditions and to the extent specified therein, long-term capital gain arising to a Non-Resident Indian from transfer of shares of the Company acquired out of convertible foreign exchange shall be except from capital gains tax to the extent the net consideration is invested within six months of the date transfer of the asset in any specified asset or in any saving certificates referred to in clause (4B) of Section 10 of the A and the new asset is held for a period of at least three years.
 - (iii) Under Section 115G of the Act, it is not necessary for a Non-Resident Indian to file a return of income under Sector 139(1) of the Act, if his total income consists only of investment income and/or long term capital gains earned on transfer of such investment acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII-B of the Act.
 - (iv) Under Section 115H of the Act, where a Non-Resident Indian becomes assessable as resident in India in any subsequent year he may furnish to the Assessing Officer a declaration in writing along with the return of income for the assessment year for which he is so assessable to the effect that the provisions of Chapter XII-A of the Act shall continue to apply to him in relation to the investment income (other than on shares in the Company) derived from any foreign exchange asset as defined therein. On doing so, the provisions of Chapter XII- A of the Act shall continue to apply to him in relation to such income for that assessment year and for every subsequent assessment year until the transfer or conversion into money of such assets.
 - (v) Under Section 115I of the Act, where a Non-Resident Indian opts not to be governed by the provisions of Chapter XII-A of the Act for any assessment year, his total income for that assessment year (including taxable income arising from investment in the Company) will be computed according to the other provisions of the Act, and he will therefore be eligible to get concessions applicable to a resident individual and will be liable to tax accordingly.
- f. In accordance with, and subject to provisions of Section 48 of the Act, capital gains arising out of transfer of capital assets being shares in the Company shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer of the capital assets into the same foreign currency as was initially utilised in the purchase of shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency, such that the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing/arising from every reinvestment thereafter and sale of shares of the Company. Cost indexation benefits will not be available in such a case.
- g. In accordance with, and subject to the conditions and to the extent specified in Section 54EC of the Act, long-term capital gains tax arising on transfer of the shares of the Company shall be exempt from tax to the extent the gains are invested within six months from the date of transfer in the purchase of long-term specified assets and are held for a period of 3 years
- h. In accordance with, and subject to the conditions and to the extent specified in section 54ED of the Act, long-term capital gains tax arising on transfer of the shares of the Company shall be exempt from capital gains tax to the extent the gains are invested within six months from the date of transfer in acquiring equity shares forming part of an eligible issue of capital. In addition the



shares should be held for at least one year.

- i. In accordance with, and subject to the conditions and to the extent specified in Section 54F of the Act, long-term capital gains tax arising on transfer of the shares of the Company held by an individual shall be exempt from capital gains tax in proportion to the net sales consideration utilised, within a period of one year before or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years and the Individual or HUF does not own any other residential house.

C. Foreign Institutional Investors:

- (a) Income by way of dividend (referred to in Section 115-O of the Act) is exempt from tax Section 10(34) of the Act.
- (b) Under Section 115AD capital gain arising on transfer of short term capital assets, being shares and debentures in a company, are taxed as follows:
 - i) Short term capital gain on transfer of shares entered in a recognized stock exchange which is subject to Securities Transaction Tax shall be taxed @ 10% (plus applicable Surcharge and Educational Cess); and
 - ii) Short term capital gains on transfer of shares/debentures other than those mentioned above would be taxable @ 30% (plus applicable Surcharge and Education Cess).
- (c) Under Section 54EC of the Act, Capital gain arising from transfer of long term capital assets (other than those exempt u/s 10 (38) shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months from the date of transfer in specified bonds and the bonds are held for a period at least three years.
- (d) Under Section 54ED of the Act, capital gain arising from transfer of long term capital assets, being listed securities or units (other than those exempt u/s. 10 (38), shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain is invested in public issued of equity shares issued by an Indian Public Company within a period of six months from the date of such transfer. If only a part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new equity shares are transferred or converted into money within one year from the date of their acquisition. In addition the shares should be held for at least one year.

II. WEALTH TAX

- (A) Assets as defined under Section 2(ea) of the Wealth-tax Act, 1957 do not include shares in companies and hence, these are not liable to wealth-tax.

III. GIFT TAX:

- (A) Gift tax is not leviable in respect of any gifts made on or after 1st October, 1998. Therefore, any gift of shares will not attract gift-tax.

Notes:

In respect of non residents, taxability of capital gains mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the non-resident has fiscal domicile.

In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor, with respect to specific tax consequences of his/her anticipation in the issue.

The above statement of possible direct and indirect taxes benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares.



Coromandel Engineering Company Limited

This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequence, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out due to their participation in the issue.

We do not express any opinion or provide any assurance as to whether:

- The company or its shareholders will continue to obtain these benefits in future;
- The conditions prescribed for availing the benefits have been/or would be met with.

For **Sundaram & Srinivasan**
Chartered Accountants

Sd/-

M.Padhmanabhan
M. No. F.13291

Place: Chennai
Date: 31/03/2008



SECTION III - ABOUT COMPANY

The Industry information presented in this section has been extracted from publicly available documents, which have not been prepared or independently verified by the Company, the Lead Manager or any of their respective affiliates or advisors or the sources referred to herein.

In this Section, we have relied on and referred to information regarding the industry and competitors from market research reports, and other publicly available sources. Although we believe that this information is reliable, we have not independently verified the accuracy and completeness of the information.

INDUSTRY OVERVIEW

Construction Industry

Construction is one of the most vital parts of a country's infrastructure and industrial development. It includes houses, offices, hospitals, schools, townships and other buildings; urban infrastructure, highways, roads, railways, ports, airports; power systems; irrigation and agriculture systems; telecommunications etc. Construction industry is one of the basic drivers of socio-economic development of country. This sector generates employment opportunities, and also helps other related industries grow with rapid pace. The employment in this sector not only attracts semi skilled and skilled people but also absorb unskilled workers from rural areas.

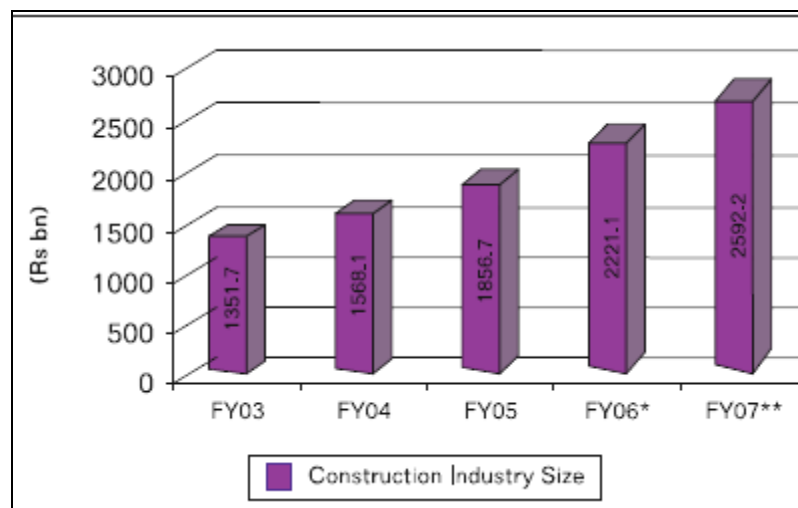
Due to fiscal constraints, Government is increasing emphasis on participation of private sector in this field and projects are being carried out in public-private partnership as well as BOT (Build - Operate - Transfer) mechanism. Also some projects undertaken by Government like NHDP (National Highway Development Programme) and PMGSY (Pradhan Mantri Gram Sadak Yojana) are providing necessary momentum to rapid growth of this industry. (Source: www.dnb.co.in [Dun & Bradstreet])

The construction sector accounts for upwards of 6 per cent of GDP (gross domestic product) in any advanced economy. It accounts for about 8 per cent of the UK's GDP, 16 per cent of Ireland's and 11 per cent of Dubai's. In India Construction sector contributes to 6 percent of GDP and this contribution is going up every year. Recently Government of India has taken an important decision liberalise norms of foreign direct investment in the construction sector. The Government has permitted 100 per cent foreign direct investment in the construction sector with the liberty to repatriate profits after a three-year period. The minimum project size for foreign investors has also been reduced from the present norms, based on feedback from prospective investors. These decisions open up immense possibilities, not just for the real estate and construction sectors, but also for the economy as a whole. (Source: www.theconstructionworld.com)

The construction industry has been assisting in overall economic development, as its contribution to GDP has gone up from 5.7 per cent in FY00 to around 7.0 per cent during FY07. In fact, during FY03-FY07, the sector grew by 16.5 per cent per annum.



Indian Construction Industry



Note: *FY06 QE, **FY07 RE (Current Prices)

(Source: www.dnb.co.in [Dun & Bradstreet])

Real estate

The Indian real estate sector has witnessed a revolution, driven by the booming economy, favorable demographics and liberalised foreign direct investment (FDI) regime. Growing at a scorching 30 per cent, it has emerged as one of the most appealing investment areas for domestic as well as foreign investors.

The second largest employing sector in India (including construction and facilities management), real estate is linked to about 250 ancillary industries like cement, brick and steel through backward and forward linkages. Consequently, a unit increase in expenditure in this sector has a multiplier effect and the capacity to generate income as high as five times. (Source: <http://www.ibef.org>)

The Indian real estate industry is riding high on the economic prosperity and growing personal income. The booming IT/ITeS sector, retail sector, banking and financial sector have further impelled growth in the real estate sector. According to a study conducted by ASSOCHAM, Indian real estate industry is growing at 30 per cent (2006) per annum and is expected to grow at a CAGR of 39 per cent over the next 3 years to reach US\$ 6000 crores by 2010. Increasing number of approved/notified/in principle SEZs would also contribute to this robust growth.

The spurt in real estate activities in the country has attracted lot of foreign investments over the last 2 years. In FY04, FDI inflow in the real estate sector was US\$ 470 lacs, which went up to US\$ 9850 lacs in FY07. According to the 'The Associated Chambers of Commerce and Industry of India' study, FDI in real estate is expected to reach between US\$ 2500-2800 crores by 2010. (Source: www.dnb.co.in [Dun & Bradstreet])

Retail and office space - Riding high

In 2005, the Indian retail industry size was around Rs 10,00,000 crores, out of which, the organised retail sector accounted for only 3.5 per cent (Rs 35000 crores). According to KSA-Technopak, the organised retail sector, expected to reach around Rs 1,00,000 crores by 2010, would grow by 25-30 per cent per annum. This trend would largely be due to the rise in disposable income, growing urbanisation, change in life style and 3500 lacs -strong young population.



Coromandel Engineering Company Limited

According to Knight Frank, the leading real estate consultancy firm, the total organised retail space would reach 1100 lacs sq ft by 2010 from the current 300 lacs sq ft. Currently, there are around 361 shopping mall projects underway, out of which, 227 are in the top 7 cities of the country and the remaining 134 are scattered across several Tier-II and Tier III cities.

The firm expects the office space demand to reach 1030 lacs sq ft by 2008 spearheaded by three major South Indian cities – Bangalore contributing 19 per cent of the demand (195.70 lacs sq ft), Hyderabad-15 per cent (154.50 lacs sq ft) and Chennai-14 per cent (144.20 lacs sq ft). The other cities in line would include: Mumbai-13 per cent (133.90 lacs sq ft), Pune-8 per cent (82.40 lacs sq ft), Kolkata-8 per cent (982.40 lacs sq ft) and others-11 per cent (113.30 lacs sq ft) of the total projected demand for office space in India. (Source: www.dnb.co.in [Dun & Bradstreet])

Opportunities in real estate & construction industry

- Real Estate and Construction is a US\$1600 crores (2006) industry in India.
 - Over 200 lacs new housing units required in 5 years.
 - There has been a rapid growth in the industry for past few years. High demand growth has led to prices doubling over 3 years in many cities.
 - Real Estate share in total FDI has been increased from 10% in 2004-05 to over 25% in 2006-07 (estimated at over US\$500 crores).
 - 100% FDI is allowed in real estate development subject to minimum scale norms of either:
 - 25 acres in case of serviced plots or integrated townships; or.
 - 50,000 sq. mtrs. of built-up area for construction development projects.
 - Active participation of institutional finance in Real Estate
 - Real Estate venture funds permitted: Prominent Indian corporates like Tata, ICICI Bank, SBI and HDFC have promoted real estate venture funds
 - Real Estate Investment Trusts (REITs) expected to be set up shortly
 - Several Private Equity firms have specific funds for Real Estate investments. Real Estate fast displacing IT/ITeS as the top private equity investment sector in India
- (Source: www.investmentcommission.in)

Growth potential in real estate & construction industry

- Several factors are expected to contribute to the rapid growth in Real Estate.
 - Large demand-supply gap in affordable housing, with demand being fuelled by tax incentives and a growing middle class with higher savings.
 - Increasing demand for commercial and office space especially from the rapidly growing Retail, IT/ ITeS and Hospitality sectors.
 - The recently announced JNNURM expected to provide further impetus.
 - Investment opportunities exist in almost every segment of the business.
 - Housing: About 200 lacs new units expected to be built in five years.
 - Office space for IT/ITeS: Five-fold increase in office space requirement over the next 3 years.
 - Commercial space for organised retailing: 2000 lacs sq. ft. by 2010.
 - Hotels & Hospitality: Over 40,000 new rooms in the next 5 years.
 - Investment opportunity of over US\$7500 crores in the next five years.
 - Major foreign institutional investors including Morgan Stanley, Goldman Sachs, Merrill Lynch, AIG, Blackstone and Calpers have invested/are investing in Indian real estate.
- (Source: www.investmentcommission.in)



Government Initiatives

The Government has introduced many progressive reform measures to unlock the potential of the sector and also meet increasing demand levels.

- 100 per cent FDI allowed in realty projects through the automatic route.
- In case of integrated townships, the minimum area to be developed has been brought down to 25 acres from 100 acres.
- Urban Land (Ceiling and Regulation) Act, 1976 (ULCRA) repealed by increasingly larger number of states.
- Enactment of Special Economic Zones Act.
- Minimum capital investment for wholly-owned subsidiaries and joint ventures stands at US\$ 100 lacs and US\$ 50 lacs, respectively.
- Full repatriation of original investment after three years.
- 51 per cent FDI allowed in single brand retail outlets and 100 per cent in cash and carry through the automatic route.

(Source: <http://www.ibef.org>)



BUSINESS OVERVIEW

We were incorporated in the year 1947 and belong to the 'Murugappa Group of Companies'. Today, modern management technique has propelled the company's stature to a level of excellence. In the field of civil engineering construction the company strives for perfection and inspires trust. At present it has 2 distinct activities namely:

- **Construction**
- **Property Development**

Construction

We are providers of integrated turn-key construction services and have executed or are executing projects across all states and union territories in India. We provide integrated turn-key construction services in the industrial, commercial, infrastructure and residential sectors of the construction industry. Our integrated turn-key construction services include a range of (i) construction services such as construction design, engineering, procurement, construction and project management and (ii) construction allied services such as mechanical and electrical ("M&E"), plumbing, fire-fighting, heating, ventilation and air conditioning, interior fit-out services and glazing solutions.

We are in the fields of pile foundations, constructions, civil and sanitary. Over the past six decades, we have presented to the world of today a variety of buildings and industrial structures working right from the foundation to the final interior finishing. We have pioneered the technique of pneumatic caisson, kick atomization diesel pile drivers, use of tubular scaffolding and Pre-Engineered Metal Buildings.

We are professionally managed company headed by civil engineers, and have constructed significant industrial structures for leading industrial houses and government organizations. Construction of power plants, pre-fabricated buildings, turbo generator foundations and other mass foundations has been a fulfilling experience. We specialize in construction of silos for cement plants and tall tapering structures for T.V.Towers using imported slip form equipment.

As of March 31, 2008, the total value of our order book is Rs. 8250 Lacs. These projects include industrial structures, commercial building & educational institution. Our order book consists of (i) unbilled portions of our ongoing projects and (ii) projects for which we have received orders and are yet to commence construction.

Property Development

We are also into the business of property development, with our significant operations in the State of Tamilnadu. Our business focuses on Real Estate Development of Residential and Commercial sector. We have an integrated in-house development team which covers all aspects of property development from project identification and inception through construction to completion and sale.

We commenced our property development activity in the year 1987-88. Since then we have developed over 30 residential projects covering approximately 6.54 lacs square feet of saleable area the details of which are as follows:

Sr. No.	Name of Project	Location	Sq.ft
1	Sea Shells	10 Beach Road, Besant Nagar, Chennai 600 090.	14,752
2	Coromandel Park	163 Velachery Road, East	23,002



Coromandel Engineering Company Limited

Sr. No.	Name of Project	Location	Sq.ft
		Tambaram, Chennai 600 059.	
3	Coromandel Park-Phase II	163 Velachery Road, East Tambaram, Chennai 600 059.	20,776
4	Coral Bay	18, 3rd Seaward Road, Valmiki Nagar, Chennai 600 041.	34,435
5	Coral Garden	38 II Main Road, Raja Annamalaipuram, Chennai 600 028.	13,644
6	Coral Glade	Lake View Road, West Mambalam, Chennai 600 033.	17,800
7	Coral Villa	7 Thiruveedi Amman Street, Raja Annamalaipuram, Chennai 600 028.	8,000
8	Coral Sands	54 Beach Road, Kalashetra Colony, Besant Nagar, Chennai 600 090	11,517
9	Coral Manor	40 & 41 II Main Road, Raja Annamalaipuram, Chennai 600 028.	26,600
10	Amm Foundation	Kotturpuram, Chennai	6,492
11	Coral Arch	Flat 1A East Mada Street, Srinagar Colony, Chennai 600 015.	19,348
12	A M M Foundation Apartment Project	Kotturpuram, Chennai	11,052
13	MCT Apartment Project	Kotturpuram, Chennai	11,052
14	Coral Woods	No.15, Sriram Nagar, South Street, Chennai 600 018	13,741
15	Coral Crown	II Main Road, Raja Annamalaipuram, Chennai 600 028.	10,142
16	Benz Garden	2 & 3 Boat Club Road, Chennai 600018.	66,000
17	Coral Manor Phase II	40 & 41, II Main Road, Raja Annamalaipuram, Chennai 600 028.	14,000
18	Coral Enclave	6 A Babu Rajendra Prasad Road, Chrompet, Chennai 600044.	26,190
19	Coral Enclave Phase II	6 A Babu Rajendra Prasad Road, Chrompet, Chennai 600044.	20,102
20	Coral Mist	10, North Mada Street, Srinagar Colony, Chennai 600 015.	8,550
21	Coral Orchids	248, Kilpauk Garden Road, Chennai 600 028.	24,420
22	Coral Classic	36, Prithivi Avenue, St. Mary's Road, Chennai 600 018.	24,677
23	Coral Samudhra	II & III Seaward Road, Valmiki Nagar, Adyar, Chennai	33,200
24	Coral Haven	9, Rajagopalan St, Valmiki Nagar, Chennai 600 041.	26,820
25	Coral Nest	9, Balakrishna St, Mylapore, Chennai 600 004.	13,650
26	Nouvelle Homes	1,Prithivi Avenue, Abhiramapuram, Chennai 600 018.	8,267
27	Coral Sudha	Eldams Road, Chennai 600018	13,000
28	Coral Crystal	New Avadi Road, Chennai 600010	12,000



Sr. No.	Name of Project	Location	Sq.ft
29	Coral Reef	4, Chittaranjan Road, Teynampet , Chennai - 600 018	22,000
30	Coral Castle	1334, Avinashi Road, Coimbatore	98,690
	Total		653,919

Our commercial projects are a mix of office space. We usually follow a “Undivided Land sale & Construction Contract” model for the properties we develop.

SOME OF THE PRESTIGIOUS COMMERCIAL PROJECTS UNDERTAKEN BY US ARE

1. Pylon , Vijayawada Thermal Power Station

A 450 MT Steel crown girder supported on 4 RCC Pylons of 5 M X 5 M at a height of 70 Mtrs. The boiler is hung from the crown girder. Each of the Pylon has foundation using well sinking method upto a depth of 28 Mtrs below ground level in hard and soft soil rock. The Pylon was constructed using Slip Form Technique and all four Pylon were slipped simultaneously. At one stroke the 450 MT fabricated steel was lifted to the height of 70 Mtrs without crane and using hydraulic jacks and pre-stressed wires.

2. Forebay and Circulatory Pump House System, Tuticorin Thermal Power Station

On the seashore, doing excavation upto (-) 9 M from the ground level and making 144 nos. rock anchors of 100 MT each to support the base slab at (-) 9 Mtrs by drilling holes upto (-) 31 Mtrs using Well Point Water System for De-watering to construct Forebay & Pump House to bring in raw water from sea to pump house.

3. RCC TV Tower, Shimoga

Erection of 150 Mtr high tower with 106 Mtrs RCC tapered structure built using Slip Form Technique 44 Mtrs above RCC - Galvanised structural steel tower.

4. Blending Silo, India Cements Ltd., Tirunelveli

Two large pre-stressed RCC silos of 28 Mtr. Dia and 32 Mtrs height and 22 Mtrs dia with a height of 90 Mtrs. using Slip Form Method.

5. Coal Storage Building, India Cements Ltd., Tirunelveli

88 Mtrs. Dia steel cover without any intermediate support.

6. Ford India Building, Chennai

First PEMBS (Pre -Engineered Metal Building System) building in India using butler system. Spread across 10,000 Sq.Mtr.

We have also undertaken projects for:

<ul style="list-style-type: none"> • Bank of Baroda Ltd., Coimbatore, • L.I.C building Chennai, Mauritius • First National City Bank • Church of South India, Bangalore • Godown for Voltas Ltd., Teynampet , • Multi sotry building for Grindlay Bank, Ltd., Madras, • Kovai Medical Centre and Hospital, 	<ul style="list-style-type: none"> • Hindustan Motors Ltd., Thiruvallur • AMCO Batteries Ltd., Bangalore • Tea Plant Building for TATA Tea Ltd., Munnar • Leaf Tobacco Factory at Chirala for ITC Ltd. • Factory building for E I D Parry (I) Ltd., Ennore, Perundurai.Nellikuppam • Chitrakoot Steel Power Plant Factory Building • Factory expansion for India Cements Ltd., Vishnupuram, Chilamkur
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Coromandel Engineering Company Limited

<ul style="list-style-type: none"> • Aarupadai Veedu Institute of Technology College, • NSN School, Chromepet, • Thiagaraja Engineering College Premises, Madurai, • Constlruction of Educational Institution for Aadarsh Vidhyalaya Mat. School • Sri Ramaswamy Mudaliar School 	<ul style="list-style-type: none"> • India Tobacco Ltd., Bangalore • Hindustan Photo Films Ltd., Ooty • Sugar Godown for Kauvery Sugars (I) Ltd., • Switch Yard and Control Room for Siemens • Structural Engineering Research Centre Projects, Chennai and many more...
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COMPETITIVE STRENGTHS

We believe that the following are our primary competitive strengths:

- **Experienced Management and Employees**

Headed by Civil Engineers, our management team has significant experience in the construction & property development sector. Our management and professional personnel have extensive experience in anticipating market trends, identifying new markets and potential sites for development. Their experience includes relationships with the suppliers from whom we source construction materials and the contractors we engage for construction services, allowing us to better manage the quality, schedule and cost of the materials and construction in our projects. We believe that this experience and expertise will enable us to replicate our business model in other geographic areas of India and for other types of projects.

- **Established Reputation for Quality Projects and Construction**

Since our incorporation in 1947, we have successfully completed several projects. We have never experienced any significant quality issues nor have we ever been cited for any material deficiencies in construction of our projects. We believe customers identify our projects with quality construction and, as a result, we enjoy customer confidence, enhancing our ability to sell our projects.

- **Our standardised and documented internal processes.**

Under the guidance of our Management, we have documented our internal processes and methodologies which ensure that each department and each employee of our Company are aware of their respective roles and obligations, and each activity of construction and development is as per the standards of quality that we have set for ourselves. This also ensures uniformity in all our processes.

OUR STRATEGY

- **Making CECL one of the most preferred contractor.**

We intend to make CECL one of the most preferred contractor. To achieve this, we intend to continue to promote and expand our brand. We will do so by continuing to focus on quality and innovation in our projects, and providing strong after-sales support and services. We believe that delivering value to our customers and enhancing their overall satisfaction with our products will enable us to strengthen our brand further.

- **Get into the Rs.5 – 20 Crores segment where the number of reliable Contractors are less.**

We intend to take up orders ranging 5 to 20 crores for better utilization of our infrastructure. Nonetheless any repeat order of our existing clientele of lesser value will also be taken up to keep our customer relation. We also expect quality competitors in this range.



- **Quote for projects with reasonable margins.**

In order to endure the competition, pricing of the project plays a significant role. We therefore intend to price our projects at a competitive rate, which shall also earn reasonable margin for us. Also, where we enter into contracts primarily through a competitive bidding process, contractors for major projects are selected by clients based on certain pre-qualification parameters including past experience in the execution of similar projects, technical ability and performance, reputation for quality, safety standards, financial strength and the price competitiveness of the bid. We intend to leverage our existing experience as well as our financial position to enhance our chances at the pre-qualification stage and win bids on contracts for larger scale projects.

PROPERTIES

Registered Office

Our registered office is situated at Parry House, 3rd Floor 43, Moore Street, Chennai - 600 001, which has been taken on lease from Parry (India) Limited vide lease agreement dated 01/07/2006 (for 33 months) . The premises is on an area of 3945 square feet (including 450 sq.ft for the purpose of dining of employees and car parking facility in the complex). A monthly rent of Rs. 81,600 is being paid for the same. Except for land at Pallikaranai which has been acquired for purpose of development & sale, we do not own any other property, neither have we taken any property on lease basis.

ORDER BOOK

Our Order Book consists of (i) unbilled portions of our ongoing projects and (ii) projects for which we have received orders and are yet to commence construction. While our order book is indicative of the projects that will execute in the future and is also indicative of the revenues that may be generated from such projects, the orders in our order book may not fructify as they are subject to cancellation and modification by our clients. For risks associated with treating our Order Book as being indicative of our future growth and revenues, refer to "Risk Factors" on page v.

As of March 31, 2008, the total value of our order book constituting of Civil construction was Rs. 8,250.06 lacs. The company has not entered into any joint venture with any parties for completion of these projects. The details of the projects are as given below:

Project	Location	Original Order Value (Rs. in lacs)	Balance Order Value as on 31/03/2008 (Rs. in lacs)	Nature of Construction	Schedule Time of Completion
Madras Cements Ltd.	Virudhunagar, Tamil Nadu	900.00	900.00	Industrial	Mar` 09
India Cement Ltd Chilamkur, Andhra Pradesh	Chilamkur, Andhra Pradesh	278.23	43.41	Industrial	Completed in June'08
India Cement Ltd Vishnupuram, Andhra Pradesh	Vishnupuram, Andhra Pradesh	484.31	22.23	Industrial	Oct'08
Indian Overseas Bank(A.I.O.B.E.A)	Chennai, Tamil Nadu	419.00	174.38	Commercial	Oct'08
Subbaraj Mills	Thirunelveli, Tamil Nadu	500.00	85.99	Industrial	Sep'08
E.I.D.Parrry - Pvt	Pettavathalai,	875.00		Industrial	Oct'08



Coromandel Engineering Company Limited

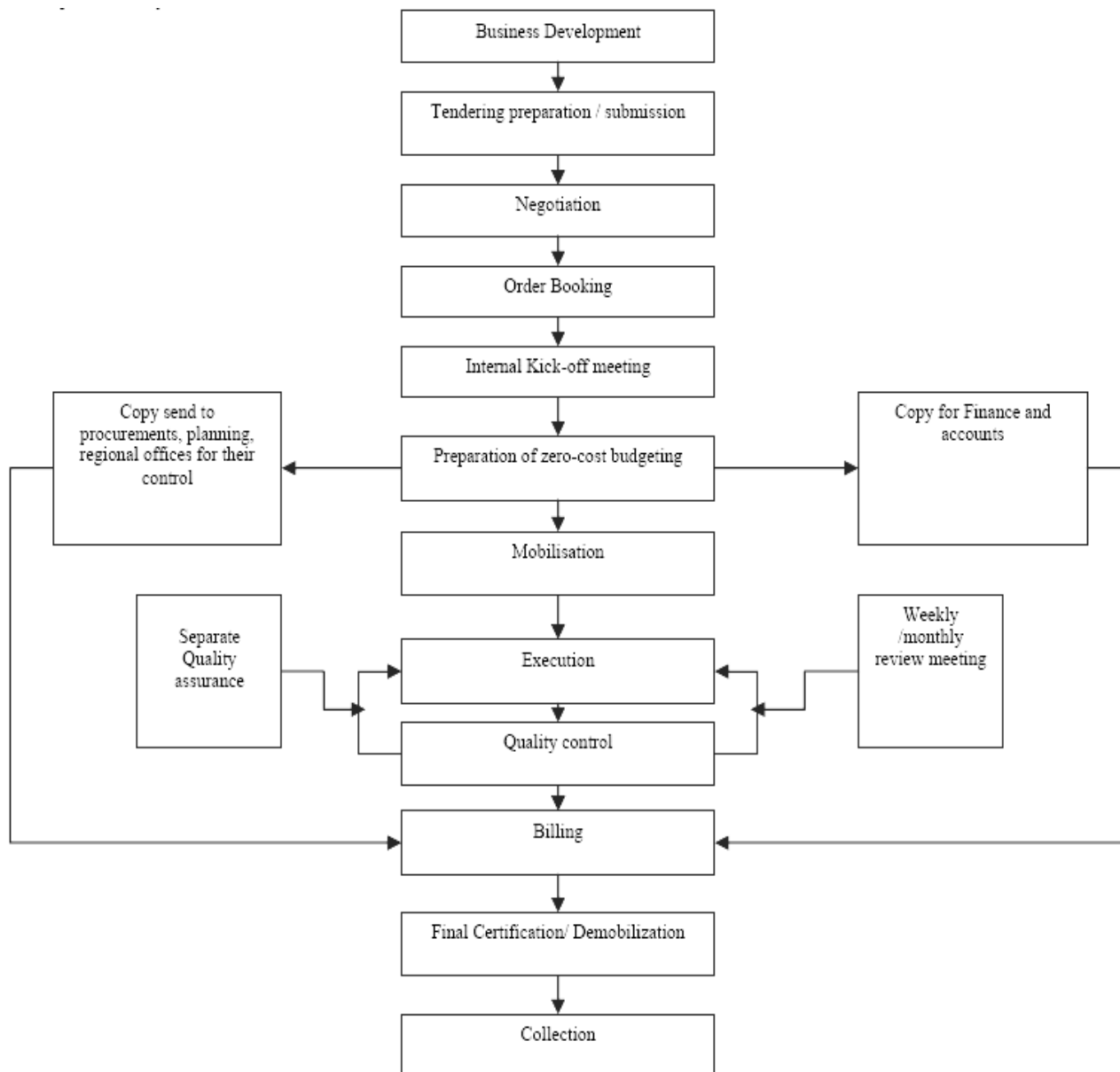
Project	Location	Original Order Value (Rs. in lacs)	Balance Order Value as on 31/03/2008 (Rs. in lacs)	Nature of Construction	Schedule Time of Completion
Sugars	Tamil Nadu		542.65		
TBYL, Tada	Tada, Andhra Pradesh	687.70	695.20	Industrial	Nov'08
SSPL, Kakinada	Kakinada, Andhra Pradesh	5,676.00	5,140.35	Industrial	Mar'09
TIMF	Singur, West Bengal	800.00	494.85	Industrial	Oct'08
Arunachalam H.S.School	Thiruvattar, Tamil Nadu	151.00	151.00	Educational	Mar'09
	Total	10,771.24	8,250.06		

Property development projects to commence during the Financial Year 2008-09

Name of the Property	Description	Project Location	Period	Value (Rs. in Lacs)	JV Proportion (CECL:OWNER)
Pallikaranai	Own Land (acquired for purpose of development & sale)	Chennai	30 months	2,280.00	NA
Narayanaswamy-Chinna Vedampatti	Joint Venture	Coimbatore	48 months	9,074.00	64:36
Roslin-Kattaboman	Joint Venture	Coimbatore	24 months	677	60:40
Suppathal-Kalapatti Village	Joint Venture	Coimbatore	24 months	1,029.00	65:35
Tullya-Avarampalayam	Joint Venture	Coimbatore	36 months	4,253.00	70:30
Total				17,313.00	



PROJECT LIFECYCLE



Technical and Financial Agreements

We have not entered into any technical and/or financial agreement.

UTILITIES

- **Raw material**

Our construction operations require various construction raw materials including Steel, Cement, Brick, River Sand, B.G. Metal, Ready Mix Concrete, Plywood, Runners & Plank, Sanitary Fittings, Tiles and Paint.

SUPPLIERS



Material	Supplier
Steel	<ul style="list-style-type: none"> Tulsyan Nec Ltd, Chennai Rashtriya Ispat Nizam Ltd., Visakhapatnam Steel Authority of India Limited, Kolkata Bawa Steel Corporation, Thiruchirapalli, etc
Cement	<ul style="list-style-type: none"> Madras Cements Limited, Chennai Kolley Cement Syndicate, Hooghly, West Bengal
Bricks	<ul style="list-style-type: none"> Bala Agencies, Chennai ARS Traders, Chennai, etc
River Sand	<ul style="list-style-type: none"> Sri Venkatesh Agencies, Chennai Sivasakthi Agencies, Chennai Swamy Depot, Chennai, etc
B.G. Metal	<ul style="list-style-type: none"> Indo Engineering Traders, Chennai ARS Traders, Chennai S.M. Agencies, Chennai, etc
Ready Mix Concrete	<ul style="list-style-type: none"> Larson & Toubro Ltd., Chennai Consolidated Construction Consortium Ltd., Chennai, etc
Plywood	<ul style="list-style-type: none"> Uro Veneers and Boards (P) Ltd., Chennai JBC Overseas, Hyderabad, etc
Runners & Planks	<ul style="list-style-type: none"> The South India Saw Mill, Trichy JBC Overseas, Hyderabad, etc
Sanitary Fittings	<ul style="list-style-type: none"> Parryware Roca Private Limited, Chennai See Kay See Combines, Chennai Candy Hardwares, Chennai, etc
Tiles	<ul style="list-style-type: none"> H & R Johson (India) Limited, Chennai S.E.V. Tiles Company, Chennai Decolight Ceramics Limited, Chennai Dhanush Enterprises, Chennai, etc
Paint	<ul style="list-style-type: none"> Shalimar Paints Limited, Chennai Indec Coatings, Chennai, etc

• Electricity

Our offices require supply of electricity, which is supplied by the regional electricity supplying Company.

• Water

The requirement of water in the Offices is nominal and is supplied by the local water supply authorities.

We in the past have done projects for the following companies:

1. DCW Ltd, Tuitocrin
2. Ashok Leyland Ltd
3. E.I.D.Parrry India Ltd
4. India Cements Ltd
5. Indian Overseas Bank
6. T.I.Cycles
7. A.M.M. Educational Foundation
8. Raj Lubricants
9. S.V.Sugars India Ltd.



10. Thiyagaraja College of Engineering, Madurai
11. Wartsila India Ltd., Bangalore
12. Allagappa University, Karaikudi
13. Visteon Automotive Systems India P. Ltd
14. Neyveli Lignite Corporation Ltd.

MANPOWER

As of 31/03/2008, we have approximately 244 employees employed in our Company. We do not count any manpower employed by our sub-contractors as our employee. We expect that with the growth of our business, human resources and employee recruitment activities will increase. Break-up of the present manpower in the Company is as follows:

Sr. no	Name of the Department	Number of Employees
1.	Technical	37
2.	Site	178
3.	Accounts & Admin	29
	Total	244

Recruitment Strategy

Manpower Planning is done as part of Business Plan and reviewed quarterly. Depending upon the position/vacancies recruitment is done through campus interviews, employee referrals and periodic recruitment advertisements. The selection process consists of panel interview and merit rating as may be required.

Training

The Company provides an induction/onboard training programme to all its new recruits.

Training for capability development includes:

- Training to potential staff to shoulder higher responsibilities
- Competency mapping middle and senior level executives and adequate training to bridge the skill gap
- Planning to create competitive edge

The various training programmes held by the Company are as follows:

Programme title	Programme for
Organisational Growth Strategies	Senior Managerial Team
Performance Excellence	Graduate Engineer Trainees - Future Managers
Management of Site Operations	Project Heads, Engineers and Supervisors
Role Effectiveness	Administrative and Support staff

Retention Strategy

- Periodic review of compensation package to match the industry median.
- Review of employee Performance, based on their achievement on the defined tasks, at the end of the year, rating is awarded based on the normalization process.
- We offer family accommodations and suitable site allowances for staff posted at site away from their family.



Coromandel Engineering Company Limited

- Liberalized compensation package.
- Welfare measures, including defined policy on medical reimbursement, medical insurance for self and family, personal accident cover.
- All employees are covered by the group gratuity scheme with risk cover managed by Life Insurance Corporation of India.

Competition

The real estate development industry in India, while fragmented, is highly competitive. We expect to face competition from large domestic as well as international property development and construction companies as a consequence of, among other things, the relaxation of the FDI policy for the real estate sector, rising government expenditures on infrastructure and various other policy initiatives. Below are some of our competitors with context to the similarity in business:

Civil Construction: Ganesan Builders, Consolidated Construction Consortium Ltd., URC Construction P. Ltd., Arunachalam & Co., Subramanian & Co., etc.

Property Development: Jain Housing & Constructions Ltd., Ceebros Ltd., Chaitanya, Akshaya Homes, True Valley Homes (I) Pvt. Ltd., Shrivari Constructions Ltd., Spring Field Shelters Pvt. Ltd., May Flower Enterprises Pvt. Ltd., Royal Shelters, etc.



REGULATIONS AND POLICIES

We are engaged in the business of construction and real estate development. Since our business involves the acquisition of land in several states, it is subject to central and state legislation which regulates substantive and procedural aspects of the acquisition of, development and transfer of land. Additionally, our projects require, at various stages, the sanction of the concerned authorities under the relevant state legislation and local bye-laws. While the real estate development industry remains largely unregulated, we are subject to land acquisition, town planning and social security laws. We are also subject to the regulations and policies governing SEZs. The following is an overview of the important laws and regulations which are relevant to our business as a real estate developer.

CENTRAL LAWS

Laws relating to land acquisition

The Urban Land (Ceiling and Regulation) Act, 1976 prescribes the limits to urban areas that can be acquired by a single entity. It has, however, been repealed in some states and union territories under the Urban Land (Ceiling and Regulation) Repeal Act, 1999. Further, land holdings are subject to the Land Acquisition Act, 1894 which provides for the compulsory acquisition of land by the central government or appropriate state government for public purposes, including planned development and town and rural planning. However, any person having an interest in such land has the right to object to such compulsory acquisition and has the right to compensation.

Shops and Establishments legislations in various states

We are governed by the various Shops and Establishments legislations, as applicable, in the states where we have our branches. These legislations regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of inter alia registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work.

Laws regulating transfer of property

Transfer of Property Act, 1882

The transfer of property, including immovable property, between living persons, as opposed to the transfer of property by the operation of law, is governed by the Transfer of Property Act, 1882 (**'T.P. Act'**). The T.P. Act establishes the general principles relating to the transfer of property, including, among other things, identifying the categories of property that are capable of being transferred, the persons competent to transfer property, the validity of restrictions and conditions imposed on the transfer and the creation of contingent and vested interest in the property.

Registration Act, 1908

The Registration Act, 1908 (**'Registration Act'**) has been enacted with the object of providing public notice of the execution of documents affecting the transfer of an interest in immoveable property. The purpose of the Registration Act is the conservation of evidence, assurances, title, and publication of documents and prevention of fraud. It details the formalities for registering an instrument. Section 17 of the Registration Act identifies documents for which registration is compulsory and includes, among other things, any non-testamentary instrument which purports or operates to create, declare, assign, limit or extinguish, whether in the present or in future, any right, title or interest, whether vested or contingent, in immovable property of the value of Rs. 100 or more, and a lease of immovable property for any term exceeding one year or reserving a yearly rent. A document will not affect the property comprised in it,



nor be treated as evidence of any transaction affecting such property (except as evidence of a contract in a suit for specific performance or as evidence of part performance under the T.P. Act or as collateral), unless it has been registered.

The Indian Stamp Act, 1899

There is a direct link between the Registration Act and the Indian Stamp Act, 1899 (**'Stamp Act'**). Stamp duty needs to be paid on all documents specified under the Stamp Act and at the rates specified in the Schedules thereunder. The rate of stamp duty varies from state to state. The stamp duty is payable on instruments at the rates specified in Schedule I of the said Act. The applicable rates for stamp duty on these instruments, including those relating to conveyance, are prescribed by state legislation. Instruments chargeable to duty under the Stamp Act which are not duly stamped are incapable of being admitted in court as evidence of the transaction contained therein. The Stamp Act also provides for impounding of instruments which are not sufficiently stamped or not stamped at all.

The Easements Act, 1882

The law relating to easements is governed by the Easements Act, 1882 (**'Easements Act'**). The right of easement is derived from the ownership of property and has been defined under the Easements Act to mean a right which the owner or occupier of land possesses for the beneficial enjoyment of that land and which permits him to do or to prevent something from being done in respect of certain other land not his own. Under this law, an easement may be acquired by the owner of immovable property, i.e. the dominant owner, or on his behalf by the person in possession of the property. Such a right may also arise out of necessity or by virtue of a local custom.

Laws relating to employment

The employment of construction workers is regulated by a wide variety of generally applicable labor laws, including the Contract Labor (Regulation and Abolition) Act, 1970, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 and the Payment of Wages Act, 1936.

Industrial parks

The GoI has notified the Industrial Park Scheme (the **'Scheme'**) on April 1, 2002 in relation to the establishment of industrial parks. Proposals to establish industrial parks which meet the criteria set out in the Scheme are accorded automatic government approval by the SIA. Proposals not meeting such parameters require the prior sanction of the 'Empowered Committee' set up in the Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, GoI.

Objectives of industrial parks

Any project, being an industrial park, is required to aim at setting up (a) an industrial model town for development of industrial infrastructure for carrying out integrated manufacturing activities, including research and development by providing plots or sheds and common facilities within its precincts, (b) an industrial park for development of infrastructural facilities or built-up space with common facilities in any area allotted or earmarked for the purposes of specified industrial uses, or (c) a growth centre under the growth centre scheme of the GoI.



STATE LAWS

Urban development laws

State legislations provide for the planned development of urban areas and the establishment of regional and local development authorities charged with the responsibility of planning and development of urban areas within their jurisdiction. Real estate projects have to be planned and developed in conformity with the norms established in these laws and regulations made thereunder and require sanctions from the government departments and developmental authorities at various stages. For instance, in certain states such as Haryana, for developing a residential colony, a license is required from the relevant local authority. Where projects are undertaken on lands which form part of the approved layout plans and/or fall within municipal limits of a town, generally the building plans of the projects have to be approved by the concerned municipal or developmental authority. Building plans are required to be approved for each building within the project area. Clearances with respect to other aspects of development such as fire, civil aviation and pollution control are required from appropriate authorities depending on the nature, size and height of the projects. The approvals granted by the authorities generally prescribe a time limit for completion of the projects. These time limits are renewable upon payment of a prescribed fee. The regulations provide for obtaining a completion/occupancy certificate upon completion of the project.

Agricultural development laws

The acquisition of land is regulated by state land reform laws which prescribe limits up to which an entity may acquire agricultural land. Any transfer of land which results in the aggregate land holdings of the acquirer in the state exceeding this ceiling is void, and the surplus land is deemed, from the date of the transfer, to have been vested in the state government free of all encumbrances. When local authorities declare certain agricultural areas as earmarked for townships, lands are acquired by different entities. After obtaining a conversion certificate from the appropriate authority with respect to a change in the use of the land from agricultural to non-agricultural for development into townships, commercial complexes etc., such ceilings are not applicable. While granting licenses for development of townships, the authorities generally levy development/ external development charges for provision of peripheral services. Such licenses require approvals of layout plans for development and building plans for construction activities. The licenses are transferable on permission of the appropriate authority. Similar to urban development laws, approvals of the layout plans and building plans, if applicable, need to be obtained.

Tamil Nadu Acts and Rules relating to Buildings:

Following are the acts and rules which normally cover our activities:

1. The Tamil Nadu Town and Country Planning Act, 1971
2. The Tamil Nadu Survey and Boundaries Act, 1923
3. The Tamil Nadu Public Buildings (Licensing) Act, 1965
4. The Tamil Nadu District Municipalities Building Rules 1972
5. The Multi-Storeyed and Public Buildings Rules 1973
6. The T.N. Apartment Ownership Act 1994
7. The T.N. Apartment Ownership Rules 1997
8. The Tamil Nadu Lifts Act 1997
9. The Tamil Nadu Lift Rules 1997.



HISTORY

Our Company was formed in the year 1947 in the name of "The Coromandel Engineering Company Limited". The name of our Company was then changed to "The Coromandel Engineering Company Private Limited" on 14/04/1956. Our Company was again converted into a public limited company and the name was changed to "The Coromandel Engineering Company Limited" on 05/11/1975 and subsequently to "Coromandel Engineering Company Limited" on 24/02/2006. We belong to the Murugappa Group of Companies and are into the business of Construction and Property development

The equity shares of our company listed on the Madras Stock Exchange In the year 1989 Polutech Ltd. was amalgamated with our Company. The share holders of Polutech Ltd. were issued the shares of our company in the ratio of 1:4. Further in the year 1992, Coromandel Prodorite Private Ltd. was amalgamated with our Company. The share holders of Coromandel Prodorite Private Ltd. were issued the shares of our company in the ratio of 5:2.

During the financial year 2006-2007, Coromandel Holdings and Minerals Limited ('CHML'), our subsidiary Company was merged with our Company w.e.f. 01/04/2006 pursuant to order of Hon'ble High Court of Judicature at Madras dated 09/03/2007.

Scheme of Merger

The High Court of Judicature at Madras, vide its order dated 09/03/2007 in respect of the company petition (C.P. No: 192 and 193 of 2006) approved the scheme of amalgamation/merger between the Company and Coromandel Holdings and Minerals Limited ('CHML'), subsidiary company with effect from 01/04/2006 ("Scheme").

Salient features of the Scheme:

The principal terms of the Scheme, as sanctioned by the High Court of Judicature at Madras, are set forth below:

- The whole of the undertaking of CHML comprising its business, all assets was transferred to our Company w.e.f. 01/04/2006.
- CHML being a wholly owned subsidiary of our Company, entire shareholding of CHML was held by us and our nominees. Hence no shares of CHML were allotted in respect thereof. The entire equity share capital of CHML stood cancelled and there was no allotment of equity shares to the holders of CHML was made.
- All the employees in the service of CHML became employee of our Company w.e.f. 01/04/2006. The services of such employees shall not be treated as having been broken or interrupted for the purpose of Provident fund or Gratuity or superannuation or other statutory purpose and for all purposes will be reckoned from the date of their respective appointments with CHML.
- CHML was dissolved without being wound up.

Major events in the History of the Company

Year	Event
1947	Incorporation of the Company
1959	Built 14 storey, LIC Building on Anna Salai, Chennai which is one of the tallest buildings in South India
1975	Converted into public limited
1987-88	Ventured into the business of property development
1989	Amalgamation of Polutech Ltd. with CECL
1989	Issue of 3,85,295 equity shares of Rs. 10/- each for cash at par on Rights



Year	Event
	basis
1992	Amalgamation of Coromandel Prodorite Private Ltd. with CECL
2006	Coromandel Holdings and Minerals Limited ('CHML') was merged with our Company.

Changes in Registered Office of the Company

Date of change	Address Changed	
	From	to
1958-1959	106, Armenian Street, George town, Madras	52/53 Jehangir Street, Madras -1
16/04/1979	52/53 Jehangir Street, Madras -1	Regina Mansion, 46 Second line beach, Madras - 600 001
15/09/1986	Regina Mansion, 46 Second line beach, Madras - 600 001	"Tiam House Annexe" No.2, Jehangir street, Madras-600 001
01/06/1992	"Tiam House Annexe" No.2, Jehangir street, Madras-600 001	Dare House Annexe, No.44, Moore street, Madras-600 001
04/09/1995	Dare House Annexe, No.44, Moore street, Madras-600 001	Parry House" 4 th floor, No. 43 Moore street, Chennai-600 001
01/11/2003	Parry House" 4 th floor, No. 43 Moore street, Chennai-600 001	Parry House" 3 rd Floor, No.43 Moore street, Chennai-600 001

MAIN OBJECTS OF THE COMPANY

The main objects of the company are as follows:

1. To carry on the businesses of Builders and Engineers in all their branches.
2. To carry on business as Engineers, Civil, Structural, Mining, Sanitary, Mechanical, Waterworks, Electrical, Marine, Automobile, Salvage, Air- Conditioning, Refrigerating, Ventilating, and other classes of Engineers; Architects, Designers, Planners ; Builders and Contractors and as Consulting Engineers.
3. To carry on the business of iron founders, mechanical engineers and manufacturers of agricultural implements and other machinery ; toolmakers, brass-founders, metal-workers, boilermakers, mill-wrights, machinists, iron and steel converters, smiths, wood-workers, builders, painters, metallurgists, electrical engineers, water supply engineers, gasengineers, farmers, printers, carriers, and merchants and to buy, sell, manufacture, repair, convert, alter, let on hire and deal in machinery, implements, rolling-stock and hardware of all kinds.
4. To undertake and execute constructional and engineering and allied contracts and works of all kinds.
5. To construct, execute, carry out, equip, improve, work, develop, administer, manage, and control public works and conveniences of all kinds, which expression, in this Memorandum, includes railways, tramways, docks, harbours, piers, wharves, canals, reservoirs, embankments, irrigations, reclamation, improvement, sewage, drainage, sanitary, water, gas, electric light and power supply works, telephonic and telegraphic works, hotels ware-houses, markets and public buildings, and all other works or conveniences of public utility.

SUBSIDIARIES OF THE COMPANY

Presently we do not have any subsidiary company.

SHAREHOLDERS' AGREEMENTS

There is no subsisting shareholders' agreement.



OTHER AGREEMENTS

We have not entered into any Strategic, Financial or any collaboration agreement.

CHANGES IN MEMORANDUM

Dates on which some of the main clauses of the Memorandum of Association of the Company have been altered citing the details of Amendment as under:

Date of Approval	Amendment
22/08/1960	Name of the Company changed as w.e.f 14.04.1956 'The Coromandel Engineering Company Private Limited' under The Companies Act, 1956
28/11/1960	Increase in Authorised Capital from Rs.7 Lakhs to Rs.14 Lakhs by creation of 7,000 Equity Shares of Rs.100/- each.
09/01/1963	Sub- Clause 51 A under Clause III included after Sub-Clause 51 51(A) To subscribe or contribute any amount or amounts to any political parties or political purposes, to any individual or body subject to the provisions of the Companies Act 1956.
16/04/1975	Clause 5 amended as "the authorized capital of the Company is Rs.14 Lakhs divided in to 1,40,000 shares of Rs.10/- each
16/04/1975	Increase in Authorised Capital from Rs.14 Lakhs to Rs.25 Lakhs by creation of 1,10,000 Equity Shares of Rs.10/- each.
18/10/1975	Change in the name of our Company from The Coromandel Engineering Company Private Limited to The Coromandel Engineering Company Limited and change of status of our Company from a private limited company to a public limited company and consequent adoption of fresh Articles of Association. The approval for the above changes and the revised certificate of incorporation was received from the ROC, Tamil Nadu on 5 th November, 1975.
08/09/1978	Increase in Authorised Capital from Rs.25 Lakhs to Rs.70 Lakhs by creation of 4,50,000 Equity Shares of Rs.10/- each.
24/09/1980	Inclusion of Sub-Clause 51 B, 51 C after Sub-Clause 51 A in Clause III. 51(B) To undertake, carry out, promote and sponsor rural development including any programme for promoting the social and economic welfare of or the uplift of the public in any rural area and to incur any expenditure on any programme of rural development and to assist execution and promotion thereof either directly or through an independent agency or in any other manner. Without prejudice to the generality of the foregoing the words 'Programme of Rural Development' shall also include any programme for promoting the social and economic welfare of or the uplift of the public in any rural area which the Directors consider likely to promote and assist rural development, and the words 'rural area' shall include such areas as may be regarded as rural areas under the provisions of the Incometax Act, 1961 or any other law relating to rural development for the time being in force and the Directors may at their discretion in order to implement any of the above mentioned objects or purposes transfer without consideration or at such fair or concessional value as the Directors may think fit and divest the ownership of any property of the company to or in favour of such association or institution or any public or local body or authority or Central or State Government or any Public Institution(s) or Trust(s) recognised or approved by the Central or State Government or any authority specified in that behalf by such Government or established under any law for the time being in force.



Date of Approval	Amendment
	<p>51(C) To undertake carry out, promote or sponsor or assist any activity for the promotion and growth of national economy and for discharging what the Directors may consider to be social and moral responsibilities of the company to the public or any section of the public as also any activity which the Directors consider is likely to promote national welfare or social economic or moral uplift of the public or any section of the Public and in such manner and by such means as the Directors may think fit and the Directors may without prejudice to the generality of the foregoing, undertake, carry out promote and sponsor any activity for publication of any books, literature, newspapers or other similar and allied media including television, etc, or for organising lectures or seminars likely to advance these objects or for giving merit awards, for giving scholarships, loans or any other assistance to deserving students or other scholars or persons to enable them to prosecute their studies or academic pursuits or research and for establishing conducting or assisting any institution, fund, trust, etc. having any one of the aforesaid objects as one of its objects, by giving donations or otherwise in any other manner and the Directors may at their discretion in order to implement any of the above mentioned objects or purposes transfer without consideration or at such fair or concessional value as the Directors may think fit and divest the ownership of any property of the company to or in favour of such association or institution or any public or local body or authority or Central or State Government or any public institution(s) or rust(s) recognised or approved by the Central or State Government or any authority specified by such Government in that behalf or established under any law for the time being in force.”</p>
25/04/1984	<p>Inclusion of Sub-Clause 15 A, 15 B, 15 C & 15 D after Sub-Clause 15 in Clause III.</p> <p>15(A) To carry on the business of manufacturers, Importers, Exporters, Agents, Distributors, Manipulators, Fabricators, Assemblers, Designers, Processors, Buyers, Sellers, Erectors, Merchants and Dealers in all kinds of pollution Control Equipments including Aerators, Waste Water Treatment Plants and Water Treatment Plants.</p> <p>15(B) To carry on the business as Manufacturers of all components required for the manufacture, assembly, supply, erection of Pollution Control Equipments, including aerators, Waste Water Plants, Water Treatment Plants and accessories thereof.</p> <p>15(C) To carry on the business of Manufacturers, Exporters, Importers, Agents, Distributors, Merchants, Brokers, Fabricators and Dealers of light and Heavy Chemicals, including chemicals and formulations required for Waste Water Treatment Plant.</p> <p>15(D) To carry on the business as Manufacturers, Exporters, Importers, Agents, Distributors, Assemblers, Manipulators, Fabricators, Designers, Processors, Buyers, Sellers, Brokers, Agents, Distributors, Merchants and Dealers of plastic materials and equipments thereof required for pollution Control Equipments and for other purposes.</p>
14/11/1984	<p>Inclusion of Sub-Clause 7A after Sub-Clause 7 and 10A after Sub-Clause 10 in Clause III.</p> <p>7(A) To carry on the business of manufacturers of Electronic Private Automatic Branch Exchange (EPABX) and Key Telephone Systems, all components required for the manufacture and assembly of the same, importers, exporters, agents, distributors, Manipulators, fabricators, designers, processors, buyers, sellers, merchants and dealers in all kinds of Electronic Private Automatic Branch Exchange (EPABX) and Key Telephone Systems Equipments and</p>



Coromandel Engineering Company Limited

Date of Approval	Amendment
	accessories thereof. 10(A) To carry on the business of manufacturers, Polishers, cutters, ealers, merchants, importers, exporters, decorators in stones of ll kinds used for building, decorative and monumental purposes. or this purpose, to buy, take on lease, hire stone quarries excavate, last boulders and turn into stones of various sizes, crush jelly for on use or for sale.
29/09/1986	Increase in Authorised Capital from Rs.70 Lakhs to Rs.160 Lakhs by creation of 9,00,000 Equity Shares of Rs.10/- each.
15/04/1992	Increase in Authorised Capital from Rs.160 Lakhs to Rs.400 Lakhs by creation of 24,00,000 Equity Shares of Rs.10/- each.
03/02/2006	Change in the name of our Company from The Coromandel Engineering Company Limited to Coromandel Engineering Company Limited. he approval for the above changes and the revised certificate of incorporation was received from the ROC, Tamilnadu on 24.02.2006

MANAGEMENT

The details of the board of directors of the company are given below:

Name, Age, Designation, Son of, Address and Occupation	Date of Appointment/ re-appointment	Qualification	No of shares held	Remuneration	Other Directorships
Mr. M.A.M. Arunachalam (40 Years) Non Executive and Non - Independent, S/o. Late M.A.Murugappan "The Laurels" No.4 Chittaranja Road, Chennai - 600 018 Occupation: Industrialist	21/08/1996	B.Com, M.B.A	27,716	Nil	<ul style="list-style-type: none"> • New Ambadi Estates Private. Ltd. • Placon India Pvt. Ltd. • A.M.M.Arunachalam & Sons Pvt. Ltd.
Mr. K.T.Kumar (64 Years) Non Executive and Independent, S/o. Mr. T. Komalaeaswaran 34,Pycrofts Garden Road, Chennai -600 006 Occupation: Industrialist	Appointed as Additional Director on 28/10/2005 and regularized at the AGM held on 29/07/2006	B.Sc	Nil	Nil	Nil
Mr. S. S. Rajasekar (53 Years) Non Executive and Independent, S/o. Mr. C. Subramanian "River-View" Kotturpuram, Chennai - 600 085 Occupation: Industrialist	Appointed as Additional Director on 28/10/2005 and regularized at the AGM held on 29/07/2006	B.Tech	Nil	Nil	<ul style="list-style-type: none"> • Chennai Consultancy Services P. Ltd. • Chidbhava Constructions and Properties Pvt. Ltd. • Super Sakthi Animation Pvt. Ltd. • Super Veda Innovations Pvt. Ltd.
Mr. J. Srinivasan Non Executive and Independent, (68 Years)	31/07/2008 Additional Director	B.A, F.C.S	Nil	Nil	<ul style="list-style-type: none"> • SSL-TTK Ltd • TTK Healthcare Ltd



Name, Age, Designation, Son of, Address and Occupation	Date of Appointment/ re-appointment	Qualification	No of shares held	Remuneration	Other Directorships
S/o Mr. S. Jagannathan Flat 1-B, "Gayathri" 16, Sriram Nagar South Street Chennai – 600 018 Occupation: Industrialist					
Mr. V.Venkiteswaran Non Executive and Independent, (61 Years) S/O Mr. R.Veeraraghavan D 1, Subbu Apartments 10 G.D.Road,Race Course Coimbatore-641 018 Occupation: Industrialist	31/07/2008 Additional Director	B.E. (Mechanical)	Nil	Nil	<ul style="list-style-type: none"> • Tata Tea Incorporated, Plant City, Florida, U.S.A. • Zhejiang Tata Tea Extracts Company Ltd., China

Mr. M.A.M. Arunachalam, aged 40 years has done his Bachelors in Commerce and Masters in Business Administration. He is an Industrialist and has over 20 years of experience in the field of varied industrial activities.

Mr. K.T.Kumar, aged 64 Bachelors in Science with Maths as major from Madras University. He is an Industrialist and has an experience of over 40 years in the field of Industrial Management.

Mr. S.S.Rajasekar, aged 53 years is a Chemical Engineer (B. Tech) from Anna University. He is an Industrialist, and holds directorship in various companies. He has an experience of 30 years in the field of Business Management. He is also an executive member of Andhra Chamber of Commerce, Chennai Kendra.

Mr. J. Srinivasan, aged 68 years holds a Bachelor's Degree in Economics – Political Science – Commerce combination of the University of Delhi. He is also a Fellow of the Institute of Company Secretaries of India. Has been in Industry for over 50 years in different capacities. Presently, he is the Mentor Director of the TTK Group. Till October 31, 2006 he was concurrently CEO of both TTK-LIG Limited and SSL-TTK Limited. He was with the TI Group, since November 1957 till 1973. After a short stint at Agrocargo Transport joined Mysore Paper Mills in 1975 as its Secretary. After 4 years each with MPM and Garwares, in 1982, joined the TTK Group, as its Group Secretary. In 1989 took over as Managing Director of TTK-LIG.

Mr. V.Venkiteswaran, aged 61 years has an experience of over 37 years. Started his work carrier in 1969 as a management trainee at Seshasayee Paper & Boards Limited and worked there till 1971. Has been responsible for various transformations/ projects during his career. Has been involved in restructuring of loss making South India tea plantations of TTL into an economically viable operation, by an employee buyout model in 2005. Played an active role in the turnaround of Tata Tea Incorporated based in the US to make it a highly profitable business by establishing wider customer base, product innovations and excellent customer service, between 1996 and 2002. Retired from Tata Tea Limited as Executive Director on 31/12/2006 and continued there till August 2007 as consultant on specific overseas projects

RELATIONSHIP AMONG DIRECTORS/ PROMOTER

Mr. M.A.M. Arunachalam is the nephew (Brothers Son) of Mr. M.A. Alagappan, Promoter of CECL. Besides this none of the directors are related.



CHANGES IN BOARD OF DIRECTORS DURING THE LAST THREE YEARS

The changes in the Board of Directors of the Company in the last three year are as under :

Sr. No	Name of the Director	Date of change	Reason
1	V.Kandaswamy	26/05/2005	Resignation
2	S. Vishnumohan	06/08/2007	Resignation
3	M.A.Alagappan	25/10/2006	Resignation
4	K.T.Kumar	28/10/2005	Appointment
5	S.S.Rajasekar	28/10/2005	Appointment
6	Mr. J. Srinivasan	31/07/2008	Appointment
7	Mr. V.Venkiteswaran	31/07/2008	Appointment

DETAILS OF BORROWING POWER

Borrowing Power of the Board of Directors is Rs.50.00 Crores u/s 293 (1)(d) as per resolution passed at the EGM (by postal ballot) on 03/02/2006.

INTEREST OF DIRECTORS

All the Directors of the company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board and reimbursement of expenses. All the directors may also be deemed to be interested to the extent of equity shares, if any, already held by them and /or by their friends /relatives in the Company that may be subscribed for or allotted to them in the present offer and also to the extent of any dividend payable to them and other distributions in respect of the said equity shares. All the directors may also be deemed to be interested to the extent of normal transactions, if any, with the company. The Directors may also be regarded as interested in the equity shares, if any, held or that may be allotted to the companies, firms and trust in which they are interested as directors, members, partners and or trustees.

CORPORATE GOVERNANCE

The Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the listing agreement and circular no. SEBI/CFD/DIL/CG/2004/12/10 dated October 29, 2004 issued by Securities and Exchange Board of India (SEBI.)

The composition of various committees formed for the purpose of corporate governance is given below:-

Audit Committee

Constitution of Audit Committee

The audit committee consists of three non – executive directors as members. Two-thirds of the members of the Committee are Independent Directors.

Name of the Director	Designation	Status (Independent/Non-Independent & Executive/Non Executive)
K.T.Kumar	Chairman	Independent & Non-executive Director
M A M Arunachalam	Member	Non Independent & Non Executive Director
S S Rajsekar	Member	Independent & Non Executive Director



Chairman of the Audit Committee

Shri. K.T.Kumar, Non Executive and Independent Director shall be the Chairman of the Audit Committee.

Powers of Audit Committee

- Investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

Role of Audit Committee

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - b) Changes, if any, in accounting policies and practices and reasons for the same
 - c) Major accounting entries involving estimates based on the exercise of judgment by management
 - d) Significant adjustments made in the financial statements arising out of audit findings
 - e) Compliance with listing and other legal requirements relating to financial statements
 - f) Disclosure of any related party transactions
 - g) Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval
- Reviewing, with the management, performance of statutory and internal auditors adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.



- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Mandatory review by Audit Committee

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

Quorum of the Committee

Quorum for the meetings of the audit committee shall be two members or one third of the members of the audit committee, whichever is greater provided however there shall be a minimum of 2 independent members present.

Meetings of the Committee

The Committee shall meet at least four times in a year and not more than four months shall elapse between two meetings. The quorum of the Committee shall be either two members or one third of the members of the audit committee whichever is greater.

Shareholders and Investors Grievance Committee

Constitution of Committee

The Shareholder's and Investors Grievance Committee shall consist of three non- executive directors of the Company as Members.

Name of the Director	Designation	Status (Independent/Non-Independent & Executive/Non Executive)
M A M Arunachalam	Chairman	Non Independent & Non Executive Director
K.T.Kumar	Member	Independent & Non-executive Director
S S Rajsekar	Member	Independent & Non Executive Director

Ms. Vandana R, Company Secretary is the Compliance Officer.

Chairman of the Committee:-

Shri M A M Arunachalam, Non – Executive Director shall be the Chairman of the committee.



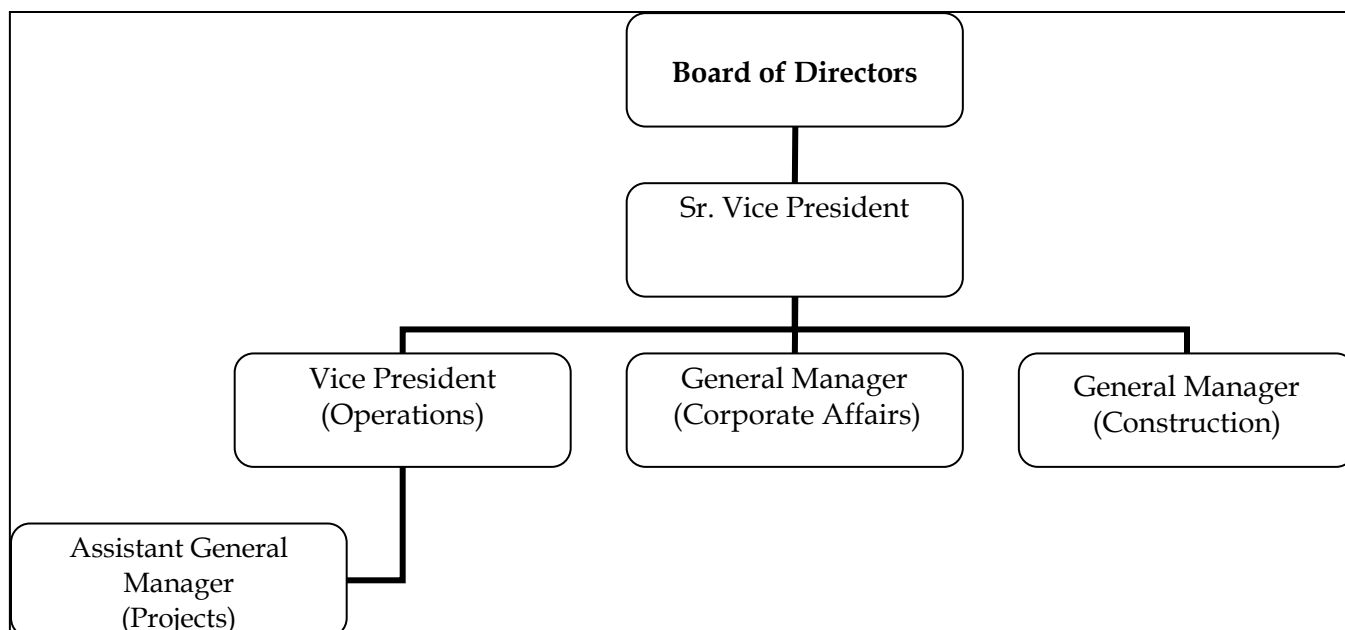
Terms of reference of the Committee:-

- To approve transfer and transmission of shares / debentures, splitting and consolidation of shares / debentures / warrants certificates, transposition of names of holders and issue of renewed and duplicate share / debenture / warrant certificates.
- To determine the persons authorised to issue certified transfer deeds and authenticate transfers / transmissions and the entries in the Register of Members and Register of Renewed and Duplicate Certificates.
- To issue shares / debentures / warrants certificates under the Common Seal of the Company.
- To authorise the destruction of cancelled shares / debentures certificates on the expiry of 3 years from the date on which they are surrendered
- To authorise printing of shares / debentures / warrants / certificates from time to time
- To approve registration of transfer(s) attracting the proviso to Section 108(1) of the Companies Act, 1956
- To exercise such other powers which may be exercised by the Board under the Companies (Issue of Share Certificate) Rules, 1960
- To exercise such other powers as may be conferred by the Board from time to time.

COMPENSATION OF THE DIRECTOR

As all the directors of the Company are non-executive, hence no remuneration is being paid to them.

ORGANISATION STRUCTURE





DETAILS OF KEY MANAGERIAL PERSONNEL

Our Company is managed by Board of Directors, assisted by qualified professionals, with vast experience in the field of production/engineering/distribution/marketing/finance and corporate laws. Following are the key functionaries in different functions of our Company excluding the promoters/directors of the Company:

Sr. No.	Name & Designation	Age (Years)	Date of appointment	Qualifications	Number of shares held	Experience in the Company	Previous Company and Total Experience
1.	Mr. G.Viswanath Kumar <i>Senior Vice President</i>	52	05/12/2005	B.Tech, MBA	Nil	2 Years	Larsen & Toubro 28 Years
2.	Mr. M.Thanumamoorthy <i>-Vice President (Operations)</i>	56	01/08/1988	B.E (Civil)	100	19 Years	Subramani Aiyar & Co. 28 Years
3.	Mr. S. Ramanan <i>General Manager (Corporate Affairs)</i>	58	14/08/1978	B. Com, A.C.A	Nil	30 Years	Nil
4.	Mr. N.Velappan <i>General Manager (Construction)</i>	46	24/09/1984	B.E (Civil)	Nil	23 Years	Govt. Service 24 Years
5.	Ms. R. Vandana, <i>Company Secretary & Compliance Officer</i>	22	08/04/2008	B.Com, A.C.S, PGDBS	Nil	1 Month	D.B.S Chola mandalam Distribution Ltd. 1 Year

All the above mentioned key managerial personnel are permanent employees of our Company. The remuneration of each of key managerial personnel includes salary, bonus, Company's contribution to Provident Fund, Leave Travel Allowance/Concession, Medical Expenses and value of other facilities inclusive of accommodation as may be applicable in each case. Our Company has not offered any profit sharing plan to its Key Managerial Personnel.

CHANGES IN KEY MANAGERIAL PERSONNEL IN THE LAST THREE YEARS

Name	Date of Appointment	Date of resignation
Mr. G. Viswanath Kumar	05/12/2005	-
Ms. R. Vandana	08/04/2008	-

EMPLOYEE STOCK OPTION SCHEMES

Till date, we have not introduced any Employees Stock Option Scheme/Employee Stock Purchase Scheme.

PAYMENT OR BENEFIT (NON-SALARY RELATED) TO OFFICERS OF OUR COMPANY

Except as stated in this Letter of Offer, no amount or benefit has been paid or given or is intended to be paid or given during the preceding two years to any of its officers except for the normal remuneration paid to Directors, officers or employees since the incorporation of our Company.



PROMOTERS

	<p>Mr. M V Murugappan</p> <p>Mr M V Murugappan aged 73 years, is an Honours Graduate in Civil Engineering. He was associated with the Company during the period 1957 to 2005 and was on the Board from 1959 to 2005. He was the Managing Director from 1974 to 1979 and was Chairman of the Board from 1979 to 2005. Several land mark buildings including LIC of India in Chennai and Mauritius, Hotel Chola Sheraton, Hotel Trident, Karumuthu Centre, Grindlays Centre, TIAM House in Chennai apart from construction of several industrial buildings were carried out during his tenure. He joined Carborundum Universal Limited (CUMI) in 1979. As a Managing Director of CUMI from 1979 - 2000 he was instrumental in CUMI's rapid expansion and diversification, including CUMI's entry into the power sector. He was a Director of CUMI from 1979 to 2004 and was Chairman from 1995 to 2004. He was a Managing Committee member of ASSOCHAM for several years</p> <p>Driving Licence No. : D/TN/07X/014975/2007 PAN Number: AAFPM1998N Voter ID No. : TN/02/010/0376002</p>
	<p>Mr. M V Subbiah</p> <p>Mr M V Subbiah, aged 69, holds a diploma in industrial administration from University of Aston, UK. He has attended the advanced Management programme of the Harvard Business School. He was the Director of the Company from 1965 to 1974. He was the Chairman of the Board of Cholamandalam DBS Finance Limited from October 1997 to July 2001. He has won the national HRD award in the year 1988. The All India Management Association had bestowed upon Mr Subbiah, the JRD Tata corporate leadership award 2001 for his outstanding industry leadership. He has been the president of AIEI (a forerunner of CII)</p> <p>Driving Licence No. : R/TN/007/018642/2004 PAN Number: ABBPS0231K Voter ID No. : Not available</p>
	<p>Mr. M.A. Alagappan</p> <p>Mr. M.A. Alagappan, aged 64, is a graduate in Commerce and has undergone a course in Management studies in the University of Aston, U.K. He was a Director of the Company during the period May 2004 to October 2006 and was also occupying the position of Chairmanship. He was associated with the Cholamandalam DBS Finance Limited since incorporation in 1978 till October 2000 as a Director and Vice-Chairman and Managing Director between 1994 and 1999. He joined the Board of Cholamandalam DBS Finance Limited again as a non-executive Director from July 2001 and was the Chairman of the Board from October 2001 till October, 2006. He is presently the Chairman of the Murugappa Corporate Board. He is also a committee member of Federation of Indian Chamber of Commerce and Industry (FICCI) and Southern India Chamber of Commerce and Industry (SICCI) and is an honorary counsel for Hungary in India, Southern Region.</p> <p>Driving Licence No. : R/TN/004/008272/2002 PAN Number: AACPA9628C Voter ID No. : Not available</p>

**Mr. A Vellayan**

Mr. A Vellayan, aged 55 holds diploma in Industrial administration from the University of Aston, UK and Masters degree in Business Studies from University of Warwick Business school, UK. He has been the Vice President of the Federation of Indian Exports Organisations and a member of the National Export Committee of the Confederation of Indian Industry. He was the President of All India Cycle Manufacturers' Association Indian Chapter, ICC India. He is the Executive Committee member of FICCI, and the Vice president of SICCI.

Driving Licence No. : R/TN/007/002578/2003

PAN Number: AACPV2231L

Voter ID No. : Not available

We confirm that the Permanent Account Number, Bank Account Numbers, Passport Number have been submitted to the Stock Exchange at the time of filing of the Draft Letter of Offer. Further, the Promoters have not been detained as wilful defaulters by the Reserve Bank of India or any other Government authority and there are no violations of securities laws committed by the Promoters in the past or any such proceedings are pending against the Promoters.

COMMON PURSUITS

The Associate Companies are carrying on separate businesses and there is no conflict of interest situation except certain related party transaction mentioned on page no. 86.

INTEREST OF DIRECTORS

All the Promoters may be deemed to be interested to the extent of Remuneration and reimbursement of expenses, if any, payable to them. The Directors may also be deemed to be interested to the extent of the shares, if any, held by them or by the relatives or by firms or companies of which any of them is a partner and a Director/ Member respectively and the shares if any, out of the present Offer that may be subscribed for and allotted to them or their relatives or any Company in which they are Directors / members or firms in which they are partners.



GROUP COMPANIES

The Five largest listed companies within the Promoter Group companies (Chosen on the Basis of Market capitalization) comprises of:

- EID Parry (India) Limited
- Coromandel Fertilisers Limited (CFL)
- Tube Investments of India Limited
- Carborundum Universal Limited
- Chola mandalam DBS Finance Limited ('CDDL')

The Five largest unlisted companies within the Promoter Group companies (Chosen on the Basis of turnover) comprises of:

- Murugappa Management Services Limited
- Ambadi Enterprises Ltd
- Parry Murry Co Ltd, UK
- New Ambadi Estates Pvt Ltd
- A M M Arunachalam & Sons Private Limited

DETAILS OF LISTED COMPANIES WITHIN THE PROMOTER GROUP COMPANIES

1. E.I.D. Parry (India) Limited (EID)

E.I.D. Parry (India) Limited (EID), was incorporated as a public limited company on September 22, 1975, under the provisions of the Companies Act, 1956 with Registrar of Companies, Tamil Nadu.

The Corporate Identification number of the Company (CIN) is L24211TN1975PLC006989. The registered office of EID is situated at 'Dare House' 234, N.S.C Bose Road, Parrys Corner, Chennai – 600 001. The main business activity of the company is manufacture and sale of sugar, chemicals, generation of power and bio products consisting of bio-pesticides and nutraceuticals.

Board of Directors	Mr. A. Vellayan, Mr. P. Rama Babu, Mr. K. Raghunandan, Mr. Anand Bhatia, Mr. S. B. Mathur, Mr. R. A. Savoor and Mr. S. Viswanathan
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The Shareholding pattern of EID (as on 30/06/2008) is as follows:

Particulars	No. of Equity Shares	% of total Equity holding
Shareholding of Promoter and Promoter Group		
Individuals/ HUF	44,64,830	5.00
Bodies Corporate	3,64,70,375	40.86
Trusts	47,715	0.05
Foreign	-	-
Total shareholding of Promoter and Promoter Group	4,09,82,920	45.92
Public Shareholding		
Institutions		
Mutual Funds / UTI	29,73,264	3.33
Financial Institutions / Banks	33,562	0.04
Insurance Companies	1,11,80,746	12.53



Particulars	No. of Equity Shares	% of total Equity holding
Foreign Institutional Investors	1,30,38,858	14.61
Sub Total	2,72,26,430	30.51
Non-Institutions		
Bodies Corporate	18,91,503	2.12
Individuals	1,54,50,301	17.31
Non Resident Indians	4,66,584	0.52
Overseas corporate bodies	5,39,380	0.60
Trusts	1,30,370	0.15
Foreign members	1,38,150	0.15
Clearing Members	76,912	0.09
Sub Total	1,86,93,200	20.95
Total Public shareholding	4,59,19,630	51.45
Shares held by Custodians against which Depository Receipts have been issued	23,45,965	2.63
Grand Total	8,92,48,515	100.00

Financial Performance

(In Lacs.)

Particulars	Financial Year Ended 31 st March		
	2007-08	2006-07	2005-06
Equity Share Capital	1785	1785	1785
Reserves & Surplus	49429	51884	46943
Net Sales	65087	55172	92618
Other Income	4957	15546	5198
Total Income	70044	70718	97816
Profit After Tax	(1658)	12742	11584
Earning Per Share (Rs.) (Face ValueRs.10)	(1.86)	14.28	12.98*
Net Asset Value (NAV)	57.38	60	54

* The equity shares of Rs. 10 each were subdivided into shares of Rs. 2 each with effect from June 3, 2005

The equity shares of EID are listed on Bombay Stock Exchange Limited (BSE), Madras Stock Exchange Limited (MSE) and National Stock Exchange of India Limited (NSE). Quotations for last six months at BSE and NSE are as follows:

Month	BSE		NSE	
	High (Rs)	Low (Rs)	High (Rs)	Low (Rs)
February 2008	187.00	167.50	190.00	165.05
March 2008	185.00	153.05	185.95	152.65
April 2008	258.20	168.15	258.55	168.00
May 2008	243.00	195.90	234.00	196.15
June 2008	206.00	175.00	209.00	174.30
July 2008	232.00	160.00	232.00	160.00

Stock Market Data

High/ Low price in the last 6 months (Rs)	BSE: Rs. 258.20 /Rs. 153.05 NSE: Rs. 258.55/Rs. 152.65
Market price as on 05/08/2008 (Rs)	BSE: Rs. 235.70 NSE: Rs. 235.10



EID has not made any rights / public issue during last three years. EID is not a Sick Industrial Company within the meaning of the SICA.

2. Coromandel Fertilisers Limited (CFL)

Coromandel Fertilisers Limited was incorporated on October 16, 1961 with Registrar of Companies, Andhra Pradesh, Hyderabad under Registration No. 892. CFL was later converted into a public company on April 16, 1964 and obtained a fresh certificate thereafter. The Corporate Identification Number (CIN No.) of the Company is 'L24120AP1961PLC000892'. CFL is engaged in the business of manufacturing and marketing complex fertilizers of different grades, single super phosphate and pesticides. The registered office of CFL is situated at 'Coromandel House', 1-2-10, Sardar Patel Road, Secunderabad - 500 003, India.

Board of Directors	Mr. A Vellayan, Mr. V Ravichandran, Mr. M K Tandon, Mr. D E Udwadia, Mr. S. Viswanathan, Mr. M M Venkatachalam, Mr. K Balasubramanian and Dr. B V R Mohan Reddy
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The Shareholding pattern of CFL (as on 30/06/2008) is as follows:

Particulars	No. of Equity Shares	% of total Equity holding
Shareholding of Promoter and Promoter Group		
Individuals/ HUF	13,54,305	0.97
Bodies Corporate	8,77,42,745	62.72
Trusts	12,570	0.01
Total shareholding of Promoter and Promoter Group	8,91,09,620	63.70
Public Shareholding		
Institutions		
Mutual Funds / UTI	89,32,630	6.39
Financial Institutions / Banks	67,683	0.05
Insurance Companies	65,57,090	4.69
Foreign Institutional Investors	27,43,076	1.96
Foreign Financial Institutions / Banks	920	0.00
Sub Total	1,74,35,465	12.46
Non-Institutions		
Bodies Corporate	26,63,948	1.90
Individuals	2,31,51,678	16.55
Foreign Nationals	52,619	0.04
Foreign Corporate Bodies	250	0.00
Overseas Corporate Bodies	49,79,280	3.56
Trusts	1,77,648	0.13
Non Resident Indians	12,64,826	0.90
Clearing Members	1,95,680	0.14
Sub Total	3,24,85,929	23.22
Total Public shareholding	5,07,87,328	36.30
Grand Total	13,98,96,948	100.00

**Financial Performance***(In Lacs.)*

Particulars	Financial Year Ended 31 st March		
	2007-08	2006-07	2005-06
Equity Share Capital	2797.94	2,557.20	2,540.56
Reserves & Surplus	76645.56	48,686.21	41,258.14
Net Sales	216845.35	1,36,734.68	1,21,216.40
Government Subsidies	158888.69	69,814.36	63,474.24
Other Income	4277.03	1,873.49	2,779.99
Total Income	380011.07	2,08,422.53	1,87,470.63
Profit After Tax	20976.00	10073.65	8354.64
Earning Per Share (Rs.) (Face Value Rs.2/-)			
- Basic	14.99	7.93	6.57
- Diluted	14.94	7.88	6.57
Net Asset Value (NAV)	56.78	40.34	34.48

The equity shares of CFL are listed on The Bombay Stock Exchange Limited (BSE) and The National Stock Exchange of India Limited (NSE). Quotations for last six months at BSE and NSE are as follows:

Month	BSE		NSE	
	High (Rs)	Low (Rs)	High (Rs)	Low (Rs)
February 2008	143.95	112.20	143.80	112.25
March 2008	125.10	98.00	125.95	102.00
April 2008	158.00	110.05	157.70	111.00
May 2008	142.50	123.00	142.00	123.40
June 2008	135.45	106.05	135.00	112.00
July 2008	181.50	99.00	179.70	101.10

Stock Market Data

High/ Low price in the last 6 months (Rs)	BSE: Rs.181.50/Rs. 98.00 NSE: Rs. 179.70/Rs. 101.10
Market price as on 05/08/2008 (Rs)	BSE: Rs. 171.10 NSE: Rs. 171.25

CFL has not made any rights / public issue during last three years. CFL is not a Sick Industrial Company within the meaning of the SICA.

3. Tube Investments of India Limited ('TIIL')

Tube Investments of India Limited ('TIIL') was incorporated on September 9, 1949 with Registrar of Joint Stock Companies, Madras. The CIN No. of the Company is L35921TN1949PLC002905. The main business activity of TIIL is to manufacture and sale of bicycles/components, precision tubes and metal forming. TIIL's registered office is situated at 'Dare House' 234, N.S.C Bose Road, Chennai - 600 001.

Board of Directors	Mr. M M Murugappan, Mr. L Ramkumar, Mr. Amal Ganguli, Dr. D Jayavarthanavelu, Mr. Pradeep Mallick, Mr. R Srinivasan, Mr. Ram V Tyagarajan, Mr. S Sandilya, Mr. Tapan Mitra and Mr N Srinivasan
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The Shareholding pattern of TIIL (as on 30/06/2008) is as follows:

Particulars	No. of Equity Shares	% of total Equity holding
Shareholding of Promoter and Promoter Group		
Individuals/ HUF	1,74,70,715	9.45
Bodies Corporate	7,21,41,615	39.04
Trusts	58,00,500	3.14
Total shareholding of Promoter and Promoter Group	9,54,12,830	51.64
Public Shareholding		
Institutions		
Mutual Funds / UTI	1,13,03,903	6.12
Financial Institutions / Banks	8,96,830	0.49
Insurance Companies	75,84,529	4.10
Foreign Institutional Investors	3,08,88,889	1.67
Sub Total	2,28,74,151	12.38
Non-Institutions		
Bodies Corporate	1,35,66,060	7.34
Individuals	3,51,92,632	19.04
Non Resident Indians	8,61,987	0.47
Trusts	90,672	0.05
Clearing Members	22,418	0.01
Sub Total	4,97,73,769	26.92
Total Public shareholding	7,26,07,920	39.29
GDR holders' depository	1,67,59,250	9.07
Grand Total	18,47,80,000	100.00

Financial Performance

(In Lacs.)

Particulars	Financial Year Ended 31 st March		
	2007-08	2006-07	2005-06
Equity Share Capital	3695.60	3695.60	3695.60
Reserves & Surplus*	68102	61890	49515
Net Sales	176233	161504	146094
Other Income	2596	9274	13404
Total Income	178829	170778	159498
Profit After Tax	5650	15578	18293
Earning Per Share (Rs.) (Face Value Rs.2)	3.06	8.43**	49.50
Net Asset Value (NAV)	38.86	35.49***	28.79***

- Net of revaluation reserves and miscellaneous expenditures not written off

** On post split basis. Effective June 8, 2006, 1 equity share of Rs. 10 each was sub-divided into 5 equity shares of Rs. 2 each.

*** Post split of face value of shares from Rs 10/- per share to Rs 2/- per share



The equity shares of TIIL are listed on BSE, NSE and MSE. There has been no trading in the shares of the Company in MSE in the last six months. Quotations for last six months at BSE and NSE are as follows:

Month	BSE		NSE	
	High (Rs)	Low (Rs)	High (Rs)	Low (Rs)
February 2008	70.80	57.60	71.85	60.00
March 2008	62.05	50.05	62.50	49.50
April 2008	60.00	54.00	60.00	53.25
May 2008	58.30	46.00	58.00	43.05
June 2008	48.90	40.15	51.95	37.25
July 2008	47.50	39.75	47.10	40.00

Stock Market Data

High/ Low price in the last 6 months (Rs)	BSE: Rs.70.80/39.75 NSE: Rs. 71.85/37.25
Market price as on 05/08/2008 (Rs)	BSE: Rs. 50.35 NSE: Rs. 50.50

TIIL has not made any rights / public issue during last three years. TIIL is not a Sick Industrial Company within the meaning of the SICA.

4. Carborundum Universal Limited ('CUMI')

Carborundum Universal Limited ('CUMI') was incorporated on April 21, 1954, with Registrar of Joint Stock Companies, Madras. The CIN Number of the Company is L29224TN1954PTC000318. The main business activity of CUMI is to manufacture abrasives, industrial ceramics, electro minerals, power tools and super refractories. CUMI's registered office is situated at Parry House, 43, Moore Street, Chennai 600 001.

Board of Directors	Mr. M.M. Murugappan, Mr. K. Srinivasan, Mr. S.N. Talwar, Mr. Subodh Kumar Bhargava, Mr. T.L. Palani Kumar, Mr. T.M.M Nambiar, Mr. A Vellayan and Mr. Sridhar Ganesh
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The Shareholding pattern of CUMI (as on 30/06/2008) is as follows:

Particulars	No. of Equity Shares	% of total Equity holding
Shareholding of Promoter and Promoter Group		
Individuals/ HUF	64,64,829	6.93
Bodies Corporate	3,37,39,477	36.14
Total shareholding of Promoter and Promoter Group	4,02,04,306	43.07
Public Shareholding		
Institutions		
Mutual Funds / UTI	80,24,877	8.60
Financial Institutions / Banks	25,748	0.03
Insurance Companies	93,38,094	10.00
Foreign Institutional Investors	5,62,191	0.60
Sub Total	1,79,50,910	19.23



Particulars	No. of Equity Shares	% of total Equity holding
Non-Institutions		
Bodies Corporate	42,48,496	4.55
Individuals	2,64,77,543	28.36
Clearing Members	44,55,208	4.77
Trusts	17,537	0.02
Sub Total	3,51,98,784	37.70
Total Public shareholding	5,31,49,694	56.93
Grand Total	9,33,54,000	100.00

Financial Performance

(In Lacs.)

Particulars	Financial Year Ended 31st March		
	2007-08	2006-07	2005-06
Equity Share Capital	1867.08	1867.08	1867.08
Reserves & Surplus	33320.40	25530.20	21874.50
Net Sales	58683.20	46455.60	37215.30
Other Income	8465.00	2142.10	4836.00
Total Income	67148.00	48597.70	42,051.30
Profit After Tax	9717.00	5,866.10	7661.30
Earning Per Share (Rs.) (Face Value Rs.2)	10.41	6.28	8.21**
Net Asset Value (NAV)	37.69	29.35	25.43**

** Face Value: Rs. 2 per share.

Note: EPS and Book Value for the year 2006 are on the equity capital enlarged by a 1:1 bonus

The equity shares of CUMI are listed on BSE, NSE and MSE. There has been no trading in the shares of the Company in MSE. Quotations for last six months at BSE and NSE are as follows:

Month	BSE		NSE	
	High (Rs)	Low (Rs)	High (Rs)	Low (Rs)
February 2008	157.00	130.00	157.00	120.00
March 2008	146.50	100.00	147.00	100.05
April 2008	131.00	104.00	132.00	87.70
May 2008	134.00	110.25	133.00	105.00
June 2008	131.95	104.10	134.00	102.00
July 2008	128.05	116.00	128.50	100.20

Stock Market Data

High/ Low price in the last 6 months (Rs)	BSE: Rs.157.00/100.00 NSE: Rs. 157.00/87.70
Market price as on 05/08/2008 (Rs)	BSE: Rs. 134.15 NSE: Rs. 133.90

CUMI has not made any rights / public issue during last three years. CUMI is not a Sick Industrial Company within the meaning of the SICA.



5. Cholamandalam DBS Finance Limited ('CDDL')

Cholamandalam DBS Finance Limited ('CDDL') was incorporated as a public limited company under the name Cholamandalam Investment and Finance Company Limited on August 17, 1978 with Registrar of Companies, Tamil Nadu, Chennai. The name of the Company was changed to Cholamandalam DBS Finance Limited on April 12, 2006. The CIN Number of the Company is U65993TNN1978PLC007576. CDDL is a registered Non-banking finance company (NBFC) in terms of Section 45 IA of the Reserve Bank of India Act, 1934. CDDL's registered office is situated at 'Dare House' No. 2, N.S.C Bose Road; Parrys, Chennai – 600 001; Tamil Nadu.

Board of Directors	Mr. A Vellayan, Mr. V.P Mahendra, Mr. R.V. Kanoria, Mr. Indresh Narain, Mr. R Krishnamurthy, Mr. N. Srinivasan, Mr. M. Anandan, Mr. Kankipati Rajan Raju, Mr. Pranam Wahi and Mr. Atul Pande
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The Shareholding pattern of CDDL (as on 30/06/2008) is as follows:

Particulars	No. of Equity Shares	% of total Equity holding
Shareholding of Promoter and Promoter Group		
Indian		
Individuals/ HUF	26,97,628	5.17
Bodies Corporate	1,68,57,606	32.31
Foreign		
Bodies Corporate	1,95,55,229	37.48
Total shareholding of Promoter and Promoter Group	3,91,10,463	74.96
Public Shareholding		
Institutions		
Mutual Funds / UTI	5,34,543	1.02
Financial Institutions / Banks	10,200	0.02
Foreign Institutional Investors	10,05,826	1.93
Sub Total	15,50,569	2.97
Non-Institutions		
Bodies Corporate	21,26,359	4.08
Individuals	88,39,545	16.95
Overseas corporate bodies	1,735	0.003
Non Resident Indians	5,34,580	1.02
Trusts	350	0.00
Clearing Members	12,804	0.02
Sub Total	1,15,15,373	22.07
Total Public shareholding	1,30,65,942	25.04
Grand Total	5,21,76,405	100.00

Financial Performance

(In Lacs.)

Particulars	Financial Year Ended 31 st March		
	2007-08	2006-07	2005-06
Equity Share Capital	5224	3,801	3,801
Reserves & Surplus*	18285	14,732	13,017
Income from operations	89128	40,744	22,009
Other Income	45	169	137



Particulars	Financial Year Ended 31 st March		
	2007-08	2006-07	2005-06
Total Income	89173	40,913	22,146
Profit After Tax	5937	3,559	3,404
Earning Per Share (Rs.) (Face Value Rs.10)	13.04	9.38	8.97
Net Asset Value (NAV)	107.07	84.82	80.23

* Net of Share premium account

CDFL is listed on BSE, NSE and MSE. There has been no trading in the shares of the Company on MSE. Quotations for last six months at BSE and NSE are as follows:

Month	BSE		NSE	
	High (Rs)	Low (Rs)	High (Rs)	Low (Rs)
February 2008	255.00	195.05	265.95	112.60
March 2008	212.95	120.55	214.00	72.20
April 2008	214.00	140.30	215.00	144.25
May 2008	193.00	142.05	194.00	88.85
June 2008	159.00	117.10	162.00	114.05
July 2008	126.50	96.95	132.00	64.00

Stock Market Data

High/ Low price in the last 6 months (Rs)	BSE: Rs. 255.00/99.00 NSE: Rs. 265.95/64.00
Market price as on 05/08/2008 (Rs)	BSE: Rs. 101.45 NSE: Rs. 102.00

Rights / public issue during last three years - In the year 2007, the company came out with a Rights issue of 14,229,929 equity shares of Rs.10/- at a premium of Rs. 130/- per equity share, aggregating Rs. 199.22 crores.

CDFL is not a Sick Industrial Company within the meaning of the SICA.

DETAILS OF THE FIVE LARGEST UNLISTED COMPANIES WITHIN THE PROMOTER GROUP COMPANIES

1. Murugappa Management Services Limited (MMSL)

Muragappa Management Services Limited was incorporated on 12/12/1999 with Registrar of Companies, Tamil Nadu, Chennai. Registration No. of the company is 6192 and the CIN Number. U74140TN1972PLC006192. Muragappa Management Services Limited is engaged in providing House-keeping services. Muragappa Management Services Limited's registered office is situated at 'Dare House', 234, NSC Bose Road, Chennai - 600 001.

Board of Directors	Mr. D. Kumaraswamy, Mr. K. Balasubramanian, Mr. V. Suryanarayanan, Mr. P. Nagarajan, Mr. S.V. Raghavendra & Mr. V. Ramesh
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The Shareholding pattern of MMSL as on March 31, 2008 is as follows:

Sr. No	Category	No. of shares held of Rs. 10/- each	% of total share capital
1	Body Corporate	1,29,260	100.00
2	Others	4	0.00
	Grand Total	1,29,264	100.00

**Financials***(In Lacs.)*

Particulars	Financial Year Ended 31 st March		
	2006-07	2005-06	2004-05
Equity Share Capital	1292.60	1292.60	1292.60
Reserves & Surplus	714.60	516.30	322.70
Income	26675.80	22151.40	16347.60
Other Income	53.10	33.10	17.10
Total Income	26728.90	22184.50	16364.70
Profit After Tax	198.30	193.60	437.40
Earning Per Share (Rs.) (Face ValueRs.10)	15.34	14.98	33.83
Net Asset Value (NAV)	147.59	139.94	124.96

MMSL has not made any capital issue during last three years. MMSL is not a Sick Industrial Company within the meaning of the SICA.

2. Ambadi Enterprises Limited (AEL)

AEL was incorporated on 18/11/1941 The Murugappa Agencies Limited with the registrar of Companies, Chennai. The name of the company was changed to Ambadi Enterprises Private Limited on 13/12/1961. The company was subsequently converted into a public limited company and the name of the company was changed to Ambadi Enterprises Limited as on 10/04/1992. The Registration No. of the company is 43 of 1941-1942 (CIN No. U65991 TN1941PLC001437). AEL is engaged in the exports of floor coverings and furnishing fabrics. AEL's registered office is situated at Parry House, 5th floor, 43 Moore Street, Chennai- 600 001.

Board of Directors	Mr. A. Vellayan, Mr. A. Venkatchalam, Mr. M. M. Venkatchalam, Mr. P. B. Jayakumar, Mr. J. Sahni
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The Shareholding pattern of AEL as on 31/03/2008 is as follows:

Sr. No	Category	No. of shares held of Rs. 10/- each	% of total share capital
1	Directors	71,180	14.83
2	Others	4,08,820	85.17
	Total	4,80,000	100.00

Financials*(In Lacs.)*

Particulars	Financial Year Ended 31 st March		
	2006-07	2005-06	2004-05
Equity Share Capital	48.00	48.00	48.00
Reserves & Surplus	1999.26	1906.63	1845.57
Sales	4966.28	4413.01	5076.12
Other Income	557.57	550.44	506.49
Total Income	5523.85	4963.45	5582.61
Profit After Tax	194.85	60.23	202.52
Earning Per Share (Rs.) (Face ValueRs.10)	31.00	12.55	42.19
Net Asset Value (NAV)	426.51	407.21	394.49

AEL has not made any capital issue during last three years. AEL is not a Sick Industrial Company within the meaning of the SICA.



3. Parry Murray Co. Ltd., U.K (PMCL)

Parry Murray Co. Ltd. (PMCL) is a subsidiary of Ambadi Enterprises Limited. PMCL was incorporated on 13/12/1929. PMCL is engaged in the imports of fabrics and floor coverings. PMCL's registered office is situated at 3rd Floor, Simpson House, No.6, Cherry Orchard Road, Croyoon Cro 6 BA, UK.

Board of Directors	Mr. A. Vellayan, Mr. R.A. Chanmertain, Mr. M.M. Venkatachalam, Mr. P.C. Byrom and Mr. A.V.A. Kumar
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The Shareholding pattern of PMCL as on date is as follows:

Sr. No	Category	No. of shares held of PDS 1/- each	% of total share capital
1	Ambadi Enterprises Limited	80,000	80.00
2	AMM Firm, Malaysia	20,000	20.00
	Grand Total	1,00,000	100.00

Financials

(In Lacs.)

Particulars	Financial Year Ended 31 st March		
	2006-07	2005-06	2004-05
Equity Share Capital	85.53	73.98	73.98
Reserves & Surplus	2808.64	2270.86	2090.13
Sales less discounts	4224.31	3695.47	4156.95
Other Income	96.17	77.94	177.85
Total Income	4320.48	3773.42	4334.79
Profit After Tax	290.86	177.05	391.38
Earning Per Share (Rs.)	290.86	177.05	391.38
Net Asset Value (NAV)	2894.17	2344.84	2164.11

Pound Sterling (PDS) conversion rate used for FY 2006-07 is PDS 1 = Rs. 85.53 whereas for the FY 2006-05 is PDS 1 = Rs. 73.98

PMCL has not made any capital issue during last three years. PMCL is not a Sick Industrial Company within the meaning of the SICA.

4. New Ambadi Estates Private Limited

New Ambadi Estate Private Limited was incorporated on 22/05/1942 with Registrar of Joint Stock Companies, Trivandrum. The CIN Number of the Company is UO1116TN1942PTC003659. New Ambadi Estate Private Limited is engaged in the production and supply of raw rubber, s.s. latex, cenex and p.v. latex. The registered office is situated at Parry House, 5th Floorm 43 Moore Street, Chennai - 600 001.

Board of Directors	Mr. M. V Murugappan, Mr. M A Alagappan, Mr. M M Murugappan, Mr. M M Venkatachalam, Mr. M A M Arunachalam and Mr. N K Rawalley
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The Shareholding pattern of New Ambadi Estate Private Limited as on 31/03/2008 is as follows:

Sr. No	Category	No. of shares held of Rs. 10/- each	% of total share capital
1	Promoter & Promoter group (including their family members)	16,29,826	92.48
2	Public	1,32,478	7.52
	Grand Total	1762304	100.00

Financials

(In Lacs.)

Particulars	Financial Year Ended 31 st March		
	2006-07	2005-06	2004-05
Equity Share Capital	176.23	176.23	176.23
Reserves & Surplus	6998.77	5124.40	3626.47
Sales	1020.55	1002.11	1198.29
Misc. Income	1447.70	1541.91	456.78
Total Income	2498.25	2544.02	1655.07
Profit After Tax	900.85	1760.40	432.50
Earning Per Share (Rs.) (Face Value Rs.10)	49.74	99.19	20.91
Net Asset Value (NAV)	407.14	300.78	215.78

New Ambadi Estate Private Limited has not made any capital issue during last three years. New Ambadi Estate Private Limited is not a Sick Industrial Company within the meaning of the SICA.

5. A.M.M Arunachalam & Sons Pvt. Limited

A.M.M Arunachalam & Sons Pvt. Limited was incorporated on 16/10/1980 with Registrar of Companies, Tamil Nadu. The Registration Number of the Company is 8445 of 1980. A.M.M Arunachalam & Sons Pvt. Limited is engaged in investment business. The registered office is situated at Parry House, 5th Floor, 43, Moore Street, Chennai – 600 001.

Board of Directors	Mr. M.A. Alagappan, Mrs. A.M. Meyyammai, Mrs. A.A. Alagammai, Mr. M.A.M Arunachalam and Mr. Arjun Alagappan
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The Shareholding pattern of A.M.M Arunachalam & Sons Pvt. Limited as on date is as follows:

Sr. No	Category	No. of shares held of Rs. 10/- each	% of total share capital
1	Mr. M A Alagappan	29,400	25.56
2	Ms. A.R. Lakshmi Achi	600	0.52
3	Ms. A. A. Alagammai	9,450	8.22
4	Mr. Arun Alagappan	18,350	15.96
5	Mr. M.A.M Arunachalam	57,200	49.74
	Grand Total	1,15,000	100.00

Financials

(In Lacs.)

Particulars	Financial Year Ended 31 st March		
	2006-07	2005-06	2004-05
Equity Share Capital	115.00	115.00	10.00
Reserves & Surplus	263.77	108.72	65.96
Income	199.28	68.80	12.98



Particulars	Financial Year Ended 31 st March		
	2006-07	2005-06	2004-05
Other Income	0.00	0.00	0.00
Total Income	199.28	68.80	12.98
Profit After Tax	161.00	58.31	12.64
Earning Per Share (Rs.) (Face ValueRs.100/-)	140	50.70	126.40
Net Asset Value (NAV)	329.37	194.53	759.64

A.M.M Arunachalam & Sons Pvt. Limited has not made any capital issue during last three years. A.M.M Arunachalam & Sons Pvt. Limited is not a Sick Industrial Company within the meaning of the SICA.

Litigation

For details on outstanding litigations against Group Companies please refer page no. 98 of the Letter of Offer

COMPANY/FIRM FROM WHICH THE PROMOTERS HAVE DISASSOCIATED THEMSELVES DURING PRECEDING THREE YEARS

The promoters have not disassociated themselves from any of the Companies during three preceding years.

RELATED PARTY TRANSACTIONS

For details of Related Party Transaction please refer to details given under the section titled "Related Party Transactions" on page 86 of this Letter of Offer.



DIVIDEND POLICY

The declaration and payment of Dividends will be recommended by the Board of Directors and shall be approved by the shareholders at their discretion and will depend on a number of factors including but not limited to profits, capital requirement and overall financial condition. The Board may also from time to time declare and pay interim dividends.

The Company has declared dividend for the last two years and the details of the same are as under:

Financial Year	Dividend paid including Interim Dividend
2007-08	40%
2006-07	25%
2005-06	10%



PART II
SECTION IV - FINANCIAL INFORMATION

AUDITORS' REPORT

Auditors' Report as required by Part II of Schedule II of the Companies Act, 1956

The Board of Directors
Coromandel Engineering Company Limited
Parry House, 3rd Floor,
43, Moore Street, P B No.1698,
Chennai 600 001

Sub : Your Proposed Rights Offer

Dear Sirs,

We have examined the financial information of Coromandel Engineering Company Limited annexed to this report which has been prepared in accordance with the requirements of:

- i) paragraph B (1) of Part II of Schedule II of the Companies Act, 1956 (the Act), and the amendments thereof;
- ii) the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 (the Guidelines) issued by the Securities and Exchange Board of India (SEBI) and amendments made thereto from time to time in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992; and
- iii) the instruction received from the company requesting us to examine the financial information referred to above and proposed to be included in the Letter of Offer of the company in connection with its proposed Rights Offer of Equity Shares.

The Company's Management is responsible for the preparation of the aforesaid financial information contained in the Statements annexed to this report. Our responsibility is to report based on the work done. We report thereon as follows:

Financial Information of the Company

1. We have examined the attached statement of restated Summary Statement of Standalone Assets and Liabilities of the company as at 31st March 2004, 2005, 2006, 2007 and 2008 (Annexure -I) and accompanying statement of restated Summary Statement of Standalone Profit and Loss of the company for the financial year(s) ended 31st March 2004, 2005, 2006, 2007 and 2008 (Annexure -II) as prepared by the company and approved by the Board of Directors. These statements reflect the assets and liabilities and Profit and Losses for each of the relevant years as extracted from the balance sheet and profit and loss account for those years audited by us. These statements have been made after making such adjustments, regroupings as in our opinion are appropriate and more fully described in the Notes appearing in Annexure III to this report.
2. Based on our examination off these summary statements, we confirm that:



- The impact of extra-ordinary items, if any, has been separately disclosed in the attached summary statement.
 - The Significant Accounting policies and the impact arising on account of changes if any, adopted by the company are as disclosed in Annexure III to this report.
 - There are no qualifications in the auditors' reports, which require any adjustments to the summary statements.
3. We confirm that the company has not declared any interim or final dividend on equity shares in respect of the financial years ended March 31, 2004, 2005 and the company has declared dividend of 10% , 25% and 40% on equity shares in respect of the years ended March 31, 2006, 2007 and 2008 respectively. We confirm that the Company has no other class of issued and paid-up shares during those years.
4. Other Financial Information
- We have examined the following financial information relating to the company prepared by the Company and approved by the Board of Directors for the purpose of inclusion in the Offer document:
- i. Accounting Ratios as appearing in Annexure IV to this report.
 - ii. Details of other Income as appearing in Annexure V to this report.
 - iii. Capitalization Statement as appearing in Annexure VI to this report.
 - iv. Statement of Tax Shelters as appearing in Annexure VII to this report.
 - v. Statement of Secured Loans as appearing in Annexure VIII to this report.
 - vi. Statement of Unsecured Loans as appearing in Annexure IX to this report.
 - vii. Details of Investments as appearing in Annexure X to this report.
 - viii. Details of Loans & Advances as appearing in Annexure XI to this report.
 - ix. Details of Contingent Liabilities as appearing in Annexure XII to this report.
 - x. Details of Related Party and Transactions with related parties as appearing in Annexure XIII to this report.
 - xi. Details of Dividend Declared as appearing in Annexure XIV to this report.
 - xii. Summary Statement of Standalone Cash Flow as restated as appearing in Annexure XV to this report.
5. In so far as it relates to the amount of Income, Profit before Tax and Profit after Tax of the Subsidiary Company namely Coromandel Holdings and Minerals Ltd. for the financial years ended 31st March 2004, 2005 and 2006 as has been given in Annexure XVI, we have not audited the financial accounts of the Subsidiary and these are based on the reports of the Subsidiary Company's Auditors for those years. The Subsidiary Company is merged with the Holding Company w.e.f. 01.04.2006.



In our opinion the above financial information of the company, read with Significant Accounting Policies and notes on accounts attached in Annexure III to this report, after making adjustments and regroupings as considered appropriate, has been prepared in accordance with Part II of the Schedule II of the Act and the SEBI Guidelines.

This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us nor should this report be construed as a new opinion on any of the financial statements referred therein.

This report is intended solely for your information and for inclusion in the Offer document in connection with the proposed Rights Offer of Equity shares of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **SUNDARAM & SRINIVASAN**
Chartered Accountants

Sd/-

M. Padhmanabhan
Partner
M. No. F. 13291

Place: Chennai
Date: 06/08/2008



Coromandel Engineering Company Limited

Coromandel Engineering Company Limited

Annexure I

Summary Statement of Standalone Assets & Liabilities (As Restated)

(Rs. in lacs)

Particulars	31.03.2008	31.03.2007	31.03.2006	31.03.2005	31.03.2004
Assets					
Fixed assets					
Gross Block	829.32	343.56	150.79	146.63	133.05
Less: Depreciation	135.55	94.54	71.40	114.20	103.71
Net Block	693.77	249.02	79.39	32.43	29.34
Add Capital Work-in-progress	19.72	-	-	-	-
Fixed assets	713.49	249.02	79.39	32.43	29.34
Investment	1.20	1.12	31.12	31.12	35.88
Deferred Tax Asset(Liability)	(12.56)	0.37	2.33	10.91	18.82
Current Assets Loans & Advances					
Interest Accrued	5.35	5.15	8.44	7.44	4.31
Inventories	680.73	551.04	127.99	73.33	188.07
Sundry Debtors	2476.07	1665.06	676.64	623.06	381.44
Cash & Bank Balances	136.94	137.26	105.69	110.09	46.27
Loans & Advances	3502.53	1571.54	835.34	732.14	440.08
Total	6801.62	3930.05	1754.10	1546.06	1060.17
Total Assets (A)	7503.75	4180.56	1866.94	1620.52	1144.21
Liabilities					
Secured Loans	2297.71	1293.47	269.23	205.80	157.40
Unsecured Loans	700.00	651.98	307.13	305.34	73.47
Current Liabilities & Provision	3574.76	1632.51	859.15	768.25	589.99
Total Liabilities (B)	6572.47	3577.96	1435.51	1279.39	820.86
Net Worth (A-B)	931.28	602.60	431.43	341.13	323.35
Represented by					
Equity Share Capital	164.74	164.74	164.74	164.74	164.74
Reserves & Surplus					
Capital Reserve	7.24	7.24	7.24	7.24	7.24
General Reserve	348.13	183.13	155.00	152.94	155.00
Investment Allowance Reserve	77.71	77.71	77.71	77.71	77.71
Balance in Profit & Loss Account	333.46	169.78	26.74	(61.50)	(81.34)
Total Reserves & Surplus	766.54	437.86	266.69	176.39	158.61
Less: Miscellaneous Expenses (To the extent not written off)	-	-	-	-	-
Net Worth	931.28	602.60	431.43	341.13	323.35



Coromandel Engineering Company Limited

Annexure II

Summary Statement of Standalone Profit & Loss (As Restated)

(Rs. in lacs)

Particulars	Year Ended				
	31.03.2008	31.03.2007	31.03.2006	31.03.2005	31.03.2004
Income					
Proceeds on Contract Jobs	6654.95	4433.29	2391.25	2040.32	1499.56
Merchant sales	145.89	69.11	1.24	14.43	7.55
Other Income	22.87	19.02	93.16	27.28	13.62
Total	6823.71	4521.42	2485.65	2082.03	1520.73
Expenditure					
(Increase)/Decrease in work in progress	(153.58)	9.57	(8.90)	126.90	(28.71)
Contract Expenses	5921.29	3958.04	2146.45	1781.00	1433.34
Cost of Merchant sales	142.67	68.30	0.76	13.74	5.81
Salaries & Other Benefits	157.02	96.97	76.17	67.47	59.68
Other Expenses	125.85	89.60	111.36	42.47	43.93
Total	6193.25	4222.48	2325.84	2031.58	1514.05
Net Profit Before Interest, Depreciation, Tax and Extra-ordinary Items	630.46	298.94	159.81	50.45	6.68
Depreciation	42.87	25.15	14.34	7.38	7.97
Interest & Financial Charges	60.09	21.97	6.35	13.69	8.91
Profit/Loss before Tax and Extra-ordinary items	527.50	251.82	139.12	29.38	(10.20)
Current Tax	81.70	44.85	11.06	2.43	-
Deferred tax	29.62	1.96	8.58	8.96	(14.70)
Fringe Benefit Tax	3.31	2.05	3.77	-	-
Profit/Loss after Tax but before Extra-ordinary Items	412.87	202.96	115.71	17.99	4.50
Extra-ordinary Income/ (Expenditure)	-	-	-	-	(48.41)
Profit/Loss after Extra-ordinary Items	412.87	202.96	115.71	17.99	(43.91)
Employee Benefits	(10.77)	(19.17)	(10.00)	1.26	(8.18)
Short/excess Income Tax adjusted	-	-	-	1.05	-
Tax Effect of the above adjust	3.65	6.45	3.37	(0.46)	2.93
Net Adjustment	(7.12)	(12.72)	(6.63)	1.85	(5.25)
Restated Net Profit After Taxation	405.75	190.24	109.08	19.84	(49.16)
Add:Balance brought forward from last year	169.78	26.74	(61.50)	(81.34)	(32.18)
Transfer from Subsidiary on Merger	-	21.99	-	-	-
Profit available for appropriation	575.53	238.97	47.58	(61.50)	(81.34)
Proposed Dividend	65.90	41.19	16.47	-	-
Tax thereon	11.17	7.00	2.31	-	-
Transfer to General Reserve	165.00	21.00	2.06	-	-
Profit Transferred to B/S	333.46	169.78	26.74	(61.50)	(81.34)



Annexure III

Significant Accounting Policies & Notes on Accounts

A. Significant Accounting Policies :

1. Basis of Accounting

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

2. Revenue Recognition

- i) Revenue in respect of construction contracts is recognised on percentage of completion method. Percentage of completion is arrived at as the proportion of contract costs incurred (including directly attributable borrowing costs) up to the balance sheet date to the estimated total contract costs.
- ii) Dividend from investments is accounted when received.

3. Contract Revenue / Sales

- i) Revenue in respect of billed and unbilled contracts/property development in progress includes recognised profits based on percentage of completion, and retention on bills. Provision for expected losses is made irrespective of percentage of completion.
- ii) Bill raised for value of work done in respect of completed and ongoing contracts including retention on bill is disclosed as proceeds on contracts.
- iii) Sale of goods and services are recognised when the goods are delivered or services rendered.
- iv) Sales are recorded net of trade discounts/rebates exclusive of sales tax.

4. Fixed Assets

- i) Fixed Assets are carried at cost less accumulated depreciation.
- ii) Depreciation on Fixed Assets is provided on Straight Line Method as per Schedule XIV of the Companies Act, 1956.
- iii) Depreciation on impaired assets is provided by adjusting the depreciation charge in the remaining periods so as to allocate the asset's revised carrying amount over its remaining useful life.

5. Investments

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

6. Inventories

- i) Materials at site are valued at cost on FIFO method.
- ii) Work-in Progress in respect of contracts and property development till attaining a reasonable progress level is valued at cost.

7. Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of assets that necessarily takes substantial period of time to get ready for intended use are treated as part of the cost of such assets. All other borrowing costs are charged to revenue.



8. Employee Benefits

a. Provident Fund

Contributions are made to the Company's Employees Provident Fund Trust in accordance with the fund rules. The interest rate payable by the trust to the beneficiaries every year is being notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate and also any deficiency in the fair value of plan assets and fund accumulations. Liabilities on these is accounted based on actuarial valuation as at the Balance Sheet date.

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

b. Leave Encashment

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

c. Gratuity

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

d. Superannuation

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

e. Short term employee benefit

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

9. Taxation

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

10. Provisions & Contingent Liabilities:

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

**B. Notes on Accounts:****1. Previous year's figures**

Figures for 31.03.2008 and 31.03.2007 are not comparable with that of the previous years as the figures of 31.03.2008 and 31.03.2007 include that of the wholly owned subsidiary company Coromandel Holdings & Minerals Ltd. Merged with the Company effective from 01.04.2006 by order of the Hon'ble Madras High Court.

2. Extra-ordinary Items

Rs.in Lacs	
	31.03.2004
Accrued liability due to of variation in Superannuation scheme from Benefit Scheme to Contribution Scheme after deducting fund balance resulting in increase in loss for the year.	48.41
Total	48.41

3. Amount due to Subsidiary Company- Coromandel Holdings & Minerals Limited:

Rs.in Lacs		
31.03.2006	31.03.2005	31.03.2004
54.65	52.44	50.20

4. Adjustments made in the Profit and Loss account for restatement during the FY 2004 to FY 2008

Employee Benefits on incentive and interest shortfall in Provident Fund Trust account are adjusted in the year to which it corresponds and has resulted in restatement of profits as detailed below:

Rs.in Lacs					
	31.03.2008	31.03.2007	31.03.2006	31.03.2005	31.03.2004
Profit/Loss after Extra-ordinary Items	412.87	202.96	115.71	17.99	(43.91)
Employee Benefits	(10.77)	(19.17)	(10.00)	1.26	(8.18)
Short/excess Income Tax adjusted	-	-	-	1.05	-
Tax Effect of the above adjust	3.65	6.45	3.37	(0.46)	2.93
Net Adjustment	(7.12)	(12.72)	(6.63)	1.85	(5.25)
Restated Net Profit After Taxation	405.75	190.24	109.08	19.84	(49.16)

5. Pursuant to Accounting Standard-15 (Revised) on employee Benefits, the Company has reassessed the liability as on 01.04.2007 on various benefits. Additional liability arising thereon amounting to Rs.32.41 Lacs (net of deferred tax Rs.16.89 Lacs) has been adjusted against General Reserve in accordance with the transitional provisions in the Accounting Standard. Further, as result of this change, charge to the Profit & Loss Account for the year is higher and consequently profit for the year is lower by Rs.13.87 Lacs.



Other disclosures, as required under AS-15(Revised) on Employee Benefits:			
	PF	Leave	Gratuity
i) Present value of projected benefit obligations as at 1.4.2007	209.46	12.31	21.22
ii) Service Cost	44.69	2.59	2.46
iii) Interest Cost	16.57	-	1.51
iv) Actutrial Gains/Losses	(0.91)	-	3.65
v) Past Service Cost	-	-	-
vi) Benefits paid	(9.79)	(0.28)	(2.07)
vii) Present value of projected benefit obligations as at 31.3.2008	260.02	14.62	26.77
viii) Fair value of Plan assets as at 31.3.2008	247.71	-	22.79
ix) Liability recognised in the balance sheet	12.31	14.62	3.98
x) Amount charged to P& L Account	43.49	2.59	3.98
xi) Actuarial assumptions:			
a) Discount rate	7.75%	8.00%	8.00%
b) Expected rate of salary increse	-	6.00%	6.00%
c) Expected rate of return on Plan Assets	8.20%	0.00%	8.00%
xii) Percentage of each category of Plan Assets to Total Fair value of Plan Assets as at 31.3.2008:			
a) Govt. of India Securities	21.11%	-	-
b) State Govt.Securities	19.83%	-	-
C) Special Deposit Scheme, 1975	19.28%	-	-
d) Others	39.78%	-	-
e) Administered by LIC	-	-	100.00%

6. (i) AS7 Disclosure for Contracts in Progress :

	Rs.in Lacs				
	31.03.2008	31.03.2007	31.03.2006	31.03.2005	31.03.2004
a) Contract revenue recognised	6,498.04	3,807.36	1,749.32	1,552.05	849.36
b) Contract costs incurred and recognised profits	6,123.60	3,545.73	1,728.49	1,482.62	842.23
c) Advances received	2,141.49	174.74	379.30	36.79	14.12
d) Retention	319.94	222.15	1,547.78	98.38	68.05
e) Due from customers	1,773.08	770.81	548.12	357.55	153.30

	Rs.in Lacs	
	31.03.2005	31.03.2004
ii) In adherence to the proposed ASI by ICAI on AS-7 (WIP with recognised profit to be treated as turnover), Opening WIP where profit was recognised in the previous year is included in contract revenue with corresponding increase in contract expenses (with nil impact on current year profit) by	34.74	-
iii) To comply with AS-7 (Revised) for Construction Contracts, method of recognition of contract reveue is changed from completed contract to percentage completion method resulting in closing WIP increased by and loss for the year lower by	-	14.71

**7. Assets acquired under Hire Purchase**

	Rs.in Lacs				
	31.03.2008	31.03.2007	31.03.2006	31.03.2005	31.03.2004
a) Net carrying amount (WDV)	-	9.12	13.60	6.45	7.71
b) Total lease payments	-	6.38	10.26	0.35	2.95
Less : Future interest liability	-	0.39	0.95	0.01	0.19
Present value of lease payments	-	5.99	9.31	0.34	2.76
Installment due	-	-	-	-	-
- not later than 1 year	-	3.88	3.88	0.35	2.60
- later than 1 year	-	2.50	6.38	-	0.35

8. Earning in Foreign exchange

Earning in Foreign exchange in 2006-07 is Rs.10.44 Lacs representing collection from allottees of flats

9. Segmental Reporting :

The Company is engaged in Construction activity and as there is no other activity, separate segmental reporting as per Accounting Standard 17 is not applicable

Annexure IV**Accounting Ratio (Restated)**

Particulars	Year Ended				
	31.03.2008	31.03.2007	31.03.2006	31.03.2005	31.03.2004
Earning per Share (Note 1 below)					
- Including Extraordinary Items (Rs.)	24.63	11.55	6.62	1.20	(2.98)
- Excluding Extraordinary Items (Rs.)	24.63	11.55	6.62	1.20	(0.05)
Return on Net Worth (%)	43.57%	31.57%	25.28%	5.82%	(15.20)%
Net Asset Value per Share (Rs.) (Note 2 below) As at March 31	56.53	36.58	26.19	20.71	19.63

Note 1: Calculating Earning per Share

Particulars	Year Ended				
	31.03.2008	31.03.2007	31.03.2006	31.03.2005	31.03.2004
Net Profit as Restated	405.75	190.24	109.08	19.84	(49.16)
Extraordinary Items	-	-	-	-	48.41
Adjusted Net Profit (Excluding Extraordinary Items)	405.75	190.24	109.08	19.84	(0.75)
Weighted Avg. No of Equity Shares	1,647,390	1,647,390	1,647,390	1,647,390	1,647,390
Basic & Diluted Earning per Share (Including Extraordinary Items) (Rs.)	24.63	11.55	6.62	1.20	(2.98)
Basic & Diluted Earning per Share (Excluding Extraordinary Items) (Rs.)	24.63	11.55	6.62	1.20	(0.05)

**Note 2: Calculation of Net Asset Value per Share**

Particulars	As At 31.03.2008	As At 31.03.2007	As At 31.03.2006	As At 31.03.2005	As At 31.03.2004
Net Worth as Restated	931.28	602.60	431.43	341.13	323.35
No. of Equity Shares	1,647,390	1,647,390	1,647,390	1,647,390	1,647,390
Net Asset Value per Share (Rs.)	56.53	36.58	26.19	20.71	19.63

Definition of Ratios

Earning per Share : Net Profit after Tax attributable to Equity Shareholders/ Weighted Average Number of Equity Shares Outstanding During the year

Return Net Worth : Net Profit after Tax/ Net Worth at the end of the year

Net Asset Value Per Share : Net Worth/ Number of Equity shares outstanding at the end of the year

1. Ratios have been computed on the basis of restated profits for the respective years
2. Earnings per share calculations are done in accordance with Accounting Standard 20 " Earnings per Share " issued by the Institute of Chartered Accountants of India

Annexure V
Details of Other Income

(Rs. in Lacs)

Particulars	Year Ended				
	31.03.2008	31.03.2007	31.03.2006	31.03.2005	31.03.2004
Interest	9.81	10.85	6.90	5.00	7.74
Dividend	0.24	0.35	0.01	0.01	0.01
Provision in diminution of Investment no longer required	-	-	57.80	-	-
Excess Liability withdrawn	-	-	-	2.50	-
Miscellaneous Receipts	12.81	7.82	4.13	1.88	5.87
Service Charges & Mgt Fees	-	-	20.24	-	-
Profit on sale of assets	0.01	-	4.08	-	-
Profit on sale of Investments	-	-	-	17.89	-
Total	22.87	19.02	93.16	27.28	13.62

Annexure VI
Capitalisation Statement

(Rs. in Lacs)

Particulars	Pre-Issue as at 31.03.2008	Post Issue
Borrowings		
Short-Term Debt (Refer Note below)	1,638.33	1,638.33
Long Term Debt (A)	1,359.38	1,359.38
Total Debt	2,997.71	2,997.71
Shareholders' Funds :		
Share Capital	164.74	329.48
Reserves	766.54	901.28
Total Shareholders' Funds (B)	931.28	1,230.76



Coromandel Engineering Company Limited

Particulars	Pre-Issue as at 31.03.2008	Post Issue
Total Capitalisation	3,928.99	4228.47
Long Term Debt/ Equity Ratio (A) / (B)	1.46	1.10

Note:

Loans which are due after one year as per sanction and all term loans where the repayment is beyond one year are taken as Long Term Debt.

Post Issue Reserves include Share Premium amount net of estimated issue expenses of Rs. 30.00 Lacs

Annexure VII

Statement of Tax Shelters

(Rs. in Lacs)

Particulars	Year Ended				
	31.03.2008	31.03.2007	31.03.2006	31.03.2005	31.03.2004
Net Profit as per Books before Tax	527.50	251.82	139.12	29.38	(10.20)
Income Tax Rate	33.99%	33.66%	33.66%	36.59%	35.88%
Notional Tax Liability (A)	179.30	84.76	46.83	10.75	-
Adjustments					
Difference between Tax & Book Depreciation	(53.46)	(7.64)	5.53	1.23	4.10
Sec43B Disallowances/ (Allowances)	0.84	2.90	(34.80)	(22.85)	(19.24)
Deduction U/s 80 IB(10)	(204.65)	(116.15)	-	-	-
Exempted Incomes	(0.24)	(0.35)	(0.01)	(0.01)	(0.01)
Provisions (Diminution in value of Investments written back)	-	-	(57.80)	-	-
Loss/(Profit) on sale of Assets	4.19	2.32	(2.55)	-	2.07
Expenses Disallowable (Net)	0.80	0.35	0.30	8.74	0.55
Expenses Allowable	(34.63)	-	-	-	-
Set off of earlier year Loss/Depreciation	-	-	(68.95)	-	-
Capital (Gain) (Tax considered separately)/ Loss	-	-	52.02	(17.89)	-
Total Adjustments	(287.15)	(118.57)	(106.26)	(30.78)	(12.53)
Tax (Savings)/ Expense thereon (B) Restricted to (A)	(97.60)	(39.91)	(35.77)	(9.89)	-
Capital Gain Tax (C)	-	-	-	1.05	-
Tax Payable as per MAT (D)	-	-	-	1.38	-
Provision for Income Tax for the year (A+B+C) or D whichever is higher	81.70	44.85	11.06	1.38	-

Annexure VIII

Details of Secured Loans

(Rs. in Lacs)

Sl. No.	Name of the Lendor	Facility	Outstanding As On		Rate of Interest %	Repayment Schedule	Security
			31.03.2008	31.03.2007			
1	Indian Bank Harbour Branch Chennai	Overdraft	1,338.33	687.84	BPLR 1%	On demand	Charge over current assets
2	Indian Bank	Term	353.94	75.37	BPLR +	36 monthly	Exclusive charge



Coromandel Engineering Company Limited

Sl. No.	Name of the Lendor	Facility	Outstanding As On		Rate of Interest %	Repayment Schedule	Security
			31.03.2008	31.03.2007			
		Loan					
	Harbour Branch Chennai				TO+1%	installments holiday period 6 months	over machinery financed
3	Housing Dev.Fin. Corpn. Ltd Chennai	Term Loan	475.00	475.00	12.50	April '08 to June'08	Mortgage of Land
4	Cholamandalam DBS Finance Ltd	Term Loan	98.59	-	15.00	48 Months Holiday period 90 days	Hypothecation of Machinery purchase
5	Cholamandalam DBS Finance Ltd	Hire Purchase Finance	-	5.99	7.00	36 Months	Hypothecation of Vehicle
6	Sundaram Finance Ltd	Term Loan	31.85	49.27	Flat rate 5.655	36 Months	Hypothecation of Machineries
	Total Secured Loans		2,297.71	1,293.47			

Annexure IX

Details of Unsecured loans

(Rs. in Lacs)

Sl.No.	Name of the Lendor	Facility	Outstanding as on		Rate of Interest %	Repayment schedule
			31.03.2008	31.03.2007		
1	Cholamandalam DBS Finance Ltd	ICD	400.00	650.00	14.00	One year-Due on 01.03.2009
2	Housing Development Corporation Ltd.	Staff Housing Loan	-	1.98	15.50	Repaid by June'07
3	Housing Development Corporation Ltd.	ICD	300.00	-	12.50	183 days- Due on 13.05.2008
	Total Unsecured Loans		700.00	651.98		



Coromandel Engineering Company Limited

Annexure X Details of Investments

(Rs. in lacs)

Particulars	31.03.2008		31.03.2007		31.03.2006		31.03.2005		31.03.2004	
	Nos.	Rs.	Nos.	Rs.	Nos.	Rs.	Nos.	Rs.	Nos.	Rs.
INVESTMENT AT COST:										
SHARES IN COMPANIES -Trade										
A.QUOTED (Equity shares of Rs.10/- each										
fully paid)										
S R F Ltd	440	0.23	440	0.23	200	0.12	200	0.12	200	0.12
S R F Polymers Ltd	48	-	48	-	24	-	24	-	24	-
Parry Confectionary Limited		-		-		-		-	8000	4.76
Cholamandalam Investment & Finance Co.Ltd.	206	0.15	150	0.07		-		-		-
- Detachable Share Warrants	56	-		-		-		-		-
Consolidated Foundations India Ltd	120	0.04	120	0.04		-		-		-
Hindustan Constn.Co.Ltd	200	0.01	200	0.01		-		-		-
Navabharat Ferro Alloys Ltd	1,000	0.19	1,000	0.19		-		-		-
Rock Cabco Ltd	100	0.02	100	0.02		-		-		-
Kvaerner Cementation India Ltd	100	0.05	100	0.05		-		-		-
V M Jog Constructions Ltd	400	0.05	400	0.05		-		-		-
Vajra Granties Ltd	100	0.01	100	0.01		-		-		-
Larsen & Toubro Ltd *	435	0.38	435	0.38		-		-		-
Ultra tech Cement Limited *	348	-	348	-		-		-		-
*(Pursuant to the scheme of arrangement, allotted		-		-		-		-		-
new shares of Rs.2/- each fully paid in L&T in the ratio of		-		-		-		-		-
1 : 2 and shares of Rs.10/- each fully paid in the ratio of		-		-		-		-		-



Coromandel Engineering Company Limited

Particulars	31.03.2008		31.03.2007		31.03.2006		31.03.2005		31.03.2004	
	Nos.	Rs.	Nos.	Rs.	Nos.	Rs.	Nos.	Rs.	Nos.	Rs.
2 : 5 in UltraTech Cement.)		-		-		-		-		-
B. UNQUOTED		-		-		-		-		-
Coromandel Bathware Limited		-		-		-	577,993	57.80	577,993	57.80
Less: Provision for dimunition in value of investments		-		-		-	577,993	(57.80)	577,993	(57.80)
Investment in Subsidiary company		-		-		-		-		-
Coromandel Holdings & Minerals Ltd.		-		-		31.00		31.00		31.00
Charmvell Electronics Ltd-Rs.100/- per share	500	0.50	500	0.50		-		-		-
Less: Provision for dimunition in value of investments		(0.50)		(0.50)		-		-		-
DEBENTURE QUOTED										
Hindustan Dorr Oliver Ltd	50	0.07	50	0.07		-		-		-
Total Investments		1.20		1.12		31.12		31.12		35.88
Market Value - Quoted Investments		18.09		11.84		0.34		0.34		10.40



Coromandel Engineering Company Limited

Annexure XI Details of Loans & Advances

(Rs. in lacs)

Particulars	31.03.2008	31.03.2007	31.03.2006	31.03.2005	31.03.2004
Loans : Secured	-	-	-	-	2.00
Advances recoverable in cash or kind or for value to be received	1,430.46	640.54	174.52	276.67	239.91
Unbilled Contract in Progress	1,773.09	745.07	512.81	331.15	-
Deposits	28.11	16.76	31.33	19.81	29.67
Tax Deducted at Source & Advance Tax	270.87	169.17	116.68	104.51	168.50
Total Loans & Advances	3,502.53	1,571.54	835.34	732.14	440.08

Details of Sundry Debtors

(Rs. In Lacs)

Particulars	31.03.2008	31.03.2007	31.03.2006	31.03.2005	31.03.2004
More than Six Months	402.53	441.31	233.89	152.59	88.53
Less than Six Months	2,073.54	1,223.75	442.75	470.47	292.91
Total Sundry Debtors	2,476.07	1,665.06	676.64	623.06	381.44

Annexure XII Statement of Contingent Liabilities

(Rs. in lacs)

Particulars	31.03.2008	31.03.2007	31.03.2006	31.03.2005	31.03.2004
(A) Guarantees issued by Company's Bankers for which the Company has given counter guarantees (Net of guarantees for Rs.4,159,209/- for which liabilities existing in the books of accounts.)	290.00	327.61	181.98	165.51	67.98
(B)Uncalled amount of Investments in partly paid Shares of Subsidiary Company	-	-	9.00	9.00	9.00
(C) Estimated liability on account of certain taxes and duties not provided					
1) Sales Tax					
i) Karnataka Sales Tax Asst.Year 1990-91 after adjusting deposit of Rs.112,000/-	5.48	5.48	5.48	5.48	5.48
ii) Madhyapradesh Sales Tax demand disputed under appeals for the Ays 1986-87 to 1989-90	-	-	-	2.52	2.52
2) Excise Duty Demands under dispute pending in appeals before CEGAT	22.84	-	-	14.24	14.24
3) Employees State Insurance Demand disputed(Net of Rs.120170/-) deposited included in Advances recoverable under Loans and Advances	1.19	1.19	1.19	1.19	1.19
4) Income Tax					
i) In respect of Investment allowance for		-	-	-	

Particulars	31.03.2008	31.03.2007	31.03.2006	31.03.2005	31.03.2004
Assessment Years (Amount not ascertainable)	-				-
a) 1981-82, 1983-84, 1984-85, reference application is pending before Hon'ble Madras High Court b) 1980-81, 1982-83 - matter remitted back by Hon'ble Madras High Court to the Tribunal for decision on merits					
ii) For Assesment year 1992-93 - 1998-99 (on various matters) Appeal filed by the Department against the favorable order passed by CIT (Appeals) is pending before Income Tax Appellate Tribunal. iii) For Assesment year 1992-93 - 1996-97 (on various matters) cross appeals on disallowances/additions are referred back to the Assessing Officer by ITAT to decide on merit. Amount not ascertainable.	- -	- -	- -	109.50	109.50
iv) For Assesment year 1998-99 Department has referred to Hon'ble Madras High Court as to the priority of adjustment of TDS to MAT credit against the assessed Tax-Impact of the Tax effect is not ascertainable v)For Assesment year 2005-06 the Company has preferred appeal with CIT (Appeals) against some disallowances and addition made by the Assessing officer.	1.90	-	-	-	-
(D)Estimated amount of Contracts remaining to be executed on Capital Account not provided for	22.57	-	-	-	

Annexure XIII

Related party transactions

A. Related Parties

a.Subsidiary Company	Coromandel Holdings and Minerals Limited
b.Associate Company	Coromandel Bathware Ltd.
c. Key Management Personnel	- Mr.M.A.Alagappan – Chairman - Mr.G.Viswanath Kumar - Sr.Vice President

B. Transactions with Related Parties

(Rs. in lacs)

Particulars	31.03.2008	31.03.2007	31.03.2006	31.03.2005	31.03.2004
Subsidiary company					
Coromandel Holdings & Minerals Limited					



Coromandel Engineering Company Limited

Particulars	31.03.2008	31.03.2007	31.03.2006	31.03.2005	31.03.2004
Investment in equity shares	-	-	31.00	31.00	31.00
Unsecured Loan - Inter Corporate Deposit	-	-	42.00	42.00	42.00
Interest on Inter Corporate Deposit	-	-	4.20	4.20	3.50
Expenses Recovered	-	-	1.04	1.08	1.06
Net Amount Due - Credit (Excluding ICD)	-	-	12.65	10.44	8.20
Associate					
Coromandel Bathware Limited					
Investment in equity shares*	-	-	-	57.80	57.80
*(Fully provided for diminution in value of Investments)					
Key Management Personnel					
Mr M A Alagappan - Chairman					
Amount payable for Joint Development	-	-	26.42	41.54	-
Mr.G.Viswanath Kumar - Sr. Vice President Remuneration	27.65	16.21	-	-	-

Annexure XIV Statement of Dividend

(Rs. in lacs)

Particulars	Year Ended				
	31.03.2008	31.03.2007	31.03.2006	31.03.2005	31.03.2004
Equity Share Capital (Face Value 10/-)	164.74	164.74	164.74	164.74	164.74
Rate of Dividend (%)	40.00	25.00	10.00	-	-
Amount of Dividend	65.90	41.19	16.47	-	-
Dividend Tax	11.17	7.00	2.31	-	-

Annexure XV Summary Statement of Restated Standalone Cash Flow

(Rs. in lacs)

Sl. No.	Particulars	Year Ended				
		31.03.2008	31.03.2007	31.03.2006	31.03.2005	31.03.2004
A	CASH FLOW FROM OPERATING ACTIVITIES					
	Net Profit / (Loss) before tax as per P&L a/c	527.50	251.82	139.12	29.38	(10.20)
	Restatement Adjustment affecting Cash Flow					
	Employee Benefits	(10.77)	(19.17)	(10.00)	1.26	(8.18)
	Restated Net Profit/(Loss) before Tax	516.73	232.65	129.12	30.64	(18.38)
	Adjustment for :					
	Depreciation	42.87	25.15	14.34	7.38	7.97
	Interest Charges	317.95	128.66	56.41	13.68	8.91
	Interest Income	(9.81)	(14.14)	(6.91)	(5.00)	(7.74)
	Dividend Income	(0.24)	(0.35)	(0.01)	(0.01)	(0.01)



Sl. No.	Particulars	Year Ended				
		31.03.2008	31.03.2007	31.03.2006	31.03.2005	31.03.2004
	Extra-ordinary Item	-	-	-	-	(48.41)
	Provision for diminution no longer required reversed	-	-	(57.80)	-	-
	(Profit) / Loss on sale of Assets	4.18	2.32	(4.08)	(17.89)	2.07
	Operating Profit / (Loss) before working capital changes	871.68	374.29	131.07	28.80	(55.59)
	Adjustments for :					
	Trade and Other Receivables	(2641.07)	(1666.87)	(136.04)	(461.24)	(176.75)
	Inventories	(129.69)	(423.05)	(54.66)	(21.69)	(38.93)
	Trade Payables	1,814.95	700.49	52.08	176.42	234.65
	Cash Generated from Operations	(84.13)	(1015.14)	(7.55)	(277.71)	(36.62)
	Direct Taxes Paid	(101.70)	(52.50)	(12.17)	64.00	(21.41)
	Dividend paid	(48.18)	(18.78)	-	-	-
	Net Cash from Operating Activities (A)	(234.01)	(1086.42)	(19.72)	(213.71)	(58.03)
B	Cash Flow from Investing Activities					
	Purchase of Fixed Assets	(516.22)	(198.16)	(65.02)	(13.58)	(6.59)
	Purchase of Investments	(0.08)	-	-	-	-
	Sale of Fixed Assets	4.70	1.06	7.81	-	1.98
	Sale of Investment	-	30.00	-	22.65	-
	Provision for diminution no longer required reversed	-	-	57.80	-	-
	Dividend Received	0.24	0.35	0.01	0.01	0.01
	Net Cash used in Investing Activities (B)	(511.36)	(166.75)	0.60	9.08	(4.60)
C	Cash flow from Financing Activities					
	General Reserve of transferor company on Amalgamation	-	7.13	-	-	-
	Surplus in Profit & Loss Account of transferor company on Amalgamation	-	21.98	-	-	-
	Earlier year taxation reversed	-	1.06	-	-	-
	Loans Net of Repayment	1,052.26	1,369.09	65.22	280.26	61.81
	Interest and finance charges	(317.95)	(128.66)	(56.41)	(13.68)	(8.91)
	Interest income	9.81	14.14	5.91	1.87	6.69
	Net Cash used in Financing Activities (C)	744.12	1,284.74	14.72	268.45	59.59
D	Net increase/Decrease in Cash and Equivalents	(1.25)	31.57	(4.40)	63.82	(3.04)
	Opening Balance of Cash and Cash Equivalents	137.26	105.69	110.09	46.27	49.31
	Closing Balance of Cash and Cash Equivalents	136.94	137.26	105.69	110.09	46.27



Annexure XVI

Income, Profit before Tax and Profit after Tax of Coromandel Holdings & Minerals Ltd. Subsidiary of the Company

(Rs. in lacs)

Particulars	Year Ended		
	31.03.2006	31.03.2005	31.03.2004
Income	7.05	4.46	3.91
Profit Before Tax	5.83	3.00	2.67
Profit After Tax	4.78	1.95	1.72

CHANGES IN ACCOUNTING POLICIES

There has been no change in accounting policies since past three years except for those in mentioned in Annexure III of the Auditors report given on page 75.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of Financial Position and Results of operations of Coromandel Engineering Company Ltd in accordance with unconsolidated Indian GAAP

Introduction

You should read the following discussion of the financial position and results of operations together with the audited/examined unconsolidated restated financial statements under Indian GAAP including the schedules, annexures and notes thereto and the reports thereon which appears on page 70 of this Letter of Offer. You should also read the section titled "Risk Factors" beginning on page v of this Letter of Offer, which discusses a number of factors and contingencies that could impact the financial position, results of operations and cash flows of the Company. The following discussion relates to Coromandel Engineering Company Limited on a stand alone basis. Our financial statements have been prepared in accordance with Indian GAAP the accounting standards referred to in Section 211 (3C) of the Companies Act, and other applicable provisions of the Companies Act. The following discussion is also based on internally prepared statistical information and publicly available information. Unless otherwise stated, the financial information used in this section is derived from the audited unconsolidated financial statements under Indian GAAP as restated. Our fiscal ends on March 31 of each year so all references to a particular fiscal year are to the 12 months period ended March 31 of that year.

Our Company was incorporated in the year 1947 in the name of "The Coromandel Engineering Company Limited". The name of our Company was then changed to "The Coromandel Engineering Company Private Limited" on 14/04/1956. Our Company was again converted into a public limited company and the name was changed to "The Coromandel Engineering Company Limited" on 05/11/1975 and subsequently to "Coromandel Engineering Company Limited" on 24/02/2006. We belong to the reputed "Murugappa Group" of companies and engaged in the Civil Construction and Property Development.

For the financial Year 2006-07 we successfully completed construction of Factory buildings for Ashok Leyland Ltd.; EID Parry (India) Limited, Perundurai; Parry Roca Private Limited, Rainpet; Educational Institutions for Thiagaraja College of Engineering, Madurai; Anna Adarsh Vidhyalaya; Renovation work for EID Parry (India) Ltd., Dare House, Chennai; Algae pond development work for Parry Nutraceuticals Ltd.

The total income of our Company for the nine months period ended 31/12/2007 was Rs. 4450.39 lacs as compared to a total income of Rs. 4521.42 lacs for the Financial Year 2006-07. We generated Rs. 4313.53 lacs through Contract Jobs and Rs. 124.62 lacs through Merchant sales. We also completed various construction contracts during this period.

FACTORS THAT MAY AFFECT RESULTS OF OPERATIONS

Unusual or infrequent events or transactions

There are no events that may be described as unusual or infrequent events and transactions.

Significant economic changes

There are no significant economic / regulatory changes that materially affect or are likely to affect our income from continuing operations.

Known trends and uncertainties

There are no known trends or uncertainties that may have material adverse impact on the income, costs and profits of our company from continuing operations.



Future changes in relationship between costs and revenues

There are no known factors which will have a material adverse impact our operation and finances.

Dependence of revenue on sales volume

Increase in revenues are largely linked to increase in volume of business activity carried out by us.

Total revenue from various segments in which the Company operates

The company is engaged primarily in the business of construction and accordingly there are no separate reportable segments as per Accounting Standard-17 dealing with Segment Reporting.

New product or business segment

There are no new business segments or material new products planned by the company.

Seasonality of the business

The business of the Company is not seasonal.

Dependence on single or few suppliers / customers

The company's revenue is not dependent on single or few customers.

Competitive conditions

We face competition in all principal areas of business from companies engaged in the same business. For more information please refer "Business Overview - Competition" on page 39.

Market price behavior of key materials

The company's project costs mainly comprise of constructions related materials like steel cement and diesel. These being commodities, changes in prices during the execution of the projects may alter profitability on contracts, which are not insulated by escalation provisions.



Discussions on Results of operations:

You should read the following discussion of our financial condition and results of operation together with our financial statements, as restated, for each of the fiscal years ended March 31, 2005, 2006 and 2007 including the notes thereto and the reports, schedules and annexures thereon, which appear in the Auditors' Report included in the Offer Document. These financial statements are prepared in accordance with Indian GAAP and the Companies Act and are restated in accordance with SEBI Guidelines.

(Rs. in Lacs)

Particulars	For the year ended 31/03/2005	For the year ended 31/03/2006	For the year ended 31/03/2007	For the year ended 31/03/2008
Contract Revenue	2,040.32	2,391.25	4,433.29	6654.95
Other Revenue	41.71	94.40	88.13	168.76
Total Income	2,082.03	2,485.65	4,521.42	6823.71
Total Expenditure	2,031.58	2,325.84	4,222.48	6193.25
Total expenditure as a% of Total Contract Revenue	99.57	97.26	95.24	93.06
Total expenditure as a% of Total Income	97.58	93.57	93.39	90.76
Depreciation	7.38	14.34	25.15	42.87
Depreciation as % of Total Expenditure	0.36	0.62	0.60	0.69
Finance Cost	13.69	6.35	21.97	60.09
Finance Cost as % of Total Expenditure	0.67	0.27	0.52	0.97
Profit / (loss) before Tax	29.38	139.12	251.82	527.50
Profit / (loss) before Tax as % of Total Income	1.41	5.60	5.57	7.73
Current Tax	2.43	11.06	44.85	81.70
Deferred Tax	8.96	8.58	1.96	29.62
Fringe Benefits	-	3.77	2.05	3.31
Profit Before Extra Ordinary Items	17.99	115.71	202.96	412.87
Less: Extraordinary Items - Unrealizable receivables w.off	-	-	-	-
Profit / (loss) After Tax	19.84	109.08	190.24	405.75
PAT as a% of Total Income	0.95	4.39	4.21	5.95
Fixed Assets	32.43	79.39	249.02	713.49
Current Assets	813.92	918.76	2358.51	3299.09
Current Liabilities & Provisions	768.25	859.15	1632.51	3574.76

Note: Figures have been regrouped wherever necessary to make the data comparable

Comparison of Financial Results of 31.03.2007 and 31.03.2008

Total Income: The total income of the Company for the financial year under comparison has increased by 52%. The increase in the income was on account of completion of some contracts viz; Factory Building of DWC (Tuticorin), Kosmos Automotive India Pvt. Ltd. (Oragadam), EID Parry (India) Ltd. (Pudukottai), Lakshmi Machine Works Ltd. (Coimbatore), etc. The Company also completed the Auditorium of LCTPL Trust at Alagappa University, Karaikudi.

Total Expenditure: The total expenditure has increased by 46.67% as compared to increase in income by 52% due to optimum utilization of resources and nature of contract.

Profit Before Tax: The profit has registered an increase of 109.48% this was mainly due to increase in the turnover of the Company. Also the increase in profits were harmonized by the savings in expenditure.



Coromandel Engineering Company Limited

Fixed Assets: there has been an increase in the amount of Fixed Assets from Rs. 249.02 lacs to Rs. 713.49 lacs for the period under comparison. The said increase was mainly on account of purchases of Plant & machineries for operation and other fixed assets amounting to Rs. 516.22 lacs.

Comparison of Financial Results of 31.03.2006 and 31.03.2007

Total Income: The total income of the Company for the financial year under comparison has increased by 82%. The increase in the income was on account of marked increase in civil construction and partly due to an increase in property development business. The Company in the period under consideration completed some of the major contracts viz; construction of factory building Ashok Leyland, factory building for E.I.D Parry (India) Limited, construction of buildings for various educational institutions and various construction of apartments in Coimbatore

Total Expenditure: The total expenditure has increased by 81.55% which is proportionate to the increase in the turnover of the Company.

Profit Before Tax: The profit has registered an increase of 81% this was mainly due to higher contribution from the property development business.

Fixed Assets: The Fixed Assets of the Company has increased from Rs. 79.39 lacs for the financial year 2005-06 to Rs. 249.02 lacs for the financial year 2006-07. The said increase was due to the plant & machineries acquired by the Company viz; Scaffolding & Centering materials, Tough Riders, Concrete Mixer Machines with Pumps and Hitachi Excavator.

Current Assets: Increase in Current Assets is mainly attributable to the increase in inventories from Rs. 127.99 lacs to Rs. 551.04 lacs. Further, there has also been an increase in Sundry Debtors from Rs. 676.64 lacs to Rs. 1665.06 lacs, this was mainly due to increase in the size of operations of the Company from Rs. 2391.25 lacs to Rs. 4433.29 lacs.

Current Liabilities & Provisions: The increase in the Current Liabilities is mainly due to an increase in the advances given to contracts job/ customers due to the increase in business of the Company.

Comparison of Financial Results of 31/03/2005 and 31/03/2006

Total Income: The total income of the Company for the financial year under comparison has increased by 19%. The increase in the income was on account of an increase in the income through civil construction by Rs. 350.93 lacs. The Company has successfully completed construction of educational institutions viz; Adarsh Vidyalaya, Sir. Ramaswamy Mudaliar School, Murugappa Poly-technique and factory building for Chittrakoot Steel & Power Plant, Eveready Industries and Saint Gobain Glass (I) Ltd.

Total Expenditure: The total expenditure has increased only by 14.48% as compared to increase in income by 19% due to optimum utilization of resources and nature of contract.

Profit Before Tax: The profit has registered an increase of 373.52% this was mainly due to saving in expenditure and better contribution percentage in property development.



WORKING RESULTS

Information relating to the Company sales, gross profit etc., as required by the Ministry of Finance vide circular No.F2/5/SE/76 dated February 5, 1977 read with the amendments of even No. dated March 8, 1977 as under:

The unaudited working results of the Company for the period from 01/04/2008 to 30/06/2008 are given hereunder:

(Rs. in lacs)	
Particulars	For 3 months period ended 30/06/2008
Net Income from Operations	2,104.14
Other Income	3.60
Total Income	2,107.74
Total Expenditure	1,971.36
Interest	19.72
Depreciation	16.00
Provision for Doubtful debts	0
Profit/(loss)before tax	100.66
Provision for tax	28.84
Net Profit/Loss	71.82
Paid up Equity Share Capital	164.74



SECTION V - LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND DEFAULTS

Save as stated hereunder, our Company has not defaulted in meeting any of its statutory or institutional dues and have made all payments/refunds on fixed deposits or no proceedings have been initiated against our Company, for any of the offences specified in paragraph 1 of Part I of Schedule XIII of the Companies Act, 1956. Further, there are no disputes/litigations towards tax liabilities or criminal prosecutions against us and our Directors for any offence, economic or otherwise civil litigations against our Company and its Directors, there are no material disputes/legal actions other than those disclosed below.

There are no pending proceedings initiated for economic offences against us. No disciplinary action/investigation have been taken by the SEBI against us, our group companies. The promoters, their relatives, Coromandel Engineering Company Ltd., group companies, associate companies are not detained as wilful defaulters by RBI/Government authorities and there are no violations of securities laws committed by them in part or pending against them.

CONTINGENT LIABILITIES OF THE COMPANY

The details of contingent liabilities not provided for as per the Balance Sheet as on 31/03/2008 is as follows:

Particulars	Amount (Rs. in lacs)
(A) Guarantees issued by Company's Bankers for which the Company has given counter guarantees (Net of guarantees for Rs.4,159,209/- for which liabilities existing in the books of accounts.)	290.00
(B) Estimated liability on account of certain taxes and duties not provided	
1) Sales Tax	
Karnataka Sales Tax Asst.Year 1990-91 after adjusting deposit of Rs.112,000/-	5.48
2) Excise Duty	
Demands under dispute pending in appeals before CEGAT	22.84
3) Employees State Insurance	
Demand disputed(Net of Rs.120170/-) deposited included in Advances recoverable under Loans and Advances	1.19
4) Income Tax	
For Assesment year 2005-06 the Company has preferred appeal with CIT (Appeals) against some disallowances and addition made by the Assessing officer.	1.90
(C) Estimated amount of Contracts remaining to be executed on Capital Account not provided for	22.57



PENDING LITIGATIONS AGAINST THE COMPANY

Outstanding litigation and material developments

Cases filed against our Company

Save and except as stated below, there are no outstanding litigations, disputes, penalties against our company, including tax liabilities, economic offences, criminal or civil prosecutions launched against the company, for any offence irrespective of whether or not specified in Paragraph 1 of Part I of Schedule XIII of the Companies Act, 1956.

1. Litigation involving criminal cases

There are no criminal cases filed against our Company.

2. Litigation involving civil cases

Sr. No.	Parties	Court	Reasons	Current status	Amount involved (Rs. in lacs)	Remarks
1.	Indian Vaccines	Delhi High Court	Company has filed a case on 30/08/1996 against the award of arbitration which is inadequate to the loss suffered by it.	Still pending	41.59	The company has given bank guarantee for the value of Rs.41.59 lacs and the liability also exists in the books of accounts of the company.

3. Litigations involving Consumer Case:

There are no consumer cases pending against our company.

4. Litigations involving Suits or Writ:-

No suits or writs are pending against our company.

5. Litigation involving Statutory Disputes

Details of pending Income Tax , Sales Tax, Excise Duty and E.S.I. in respect of investment allowance:

Sr. No.	Assessment year	Nature of dispute	Tax amount (Rs. in lacs)	Latest position
1	1980-81 and 1982-83	Investment allowance - construction industry	Not ascertainable at present	The Hon'ble Madras High Court has remitted back to the Income Tax Appellate Tribunal to decide on merits basis.
2	1981-82, 1983-84 and 1984-85	Investment allowance - construction industry	Not ascertainable at present	Appeal by Department. Pending before Hon'ble Madras High Court



Sr. No.	Assessment year	Nature of dispute	Tax amount (Rs. in lacs)	Latest position
3	1994-95 1995-96 1996-97	Excise duty on closing stock -Do- Excise duty on closing stock Loss in exchange fluctuation	Not ascertainable	Income Tax Appellate Tribunal Branch 'A' Chennai in its combined order has given direction to Assessing authority to verify whether the excise duty is included in closing stock and allow the claim. Matter is pending. Direction given to Assessing authority to verify whether the same accounting method is followed in all the years and allow the claim. Matter is pending
4	1998-99	Adjustment of carried forward MAT Tax and Tax Deducted At Source - priority of adjustment	Not ascertainable at present	The Department has filed an appeal to Madras High Court against the order of Income Tax Appellate Tribunal Madras "A" Bench in company's favour and the matter is pending.
5	2005-06	Valuation of WIP in respect of unsold flats and sundry creditors more than two years	1.90	Appeal pending before the Commissioner of Income Tax Chennai.
6	Central Excise: 1988-89	Nature of execution	14.24 (Net of adjustment of deposits Rs.9.53 lacs)	Appeal by Department of Customs, Excise and Service Tax Appellate Tribunal against the order passed by Office of Commissioner of Central Excise, Tirunelveli in company's favour - Matter is pending.
7	Karnataka Sales Tax: 1990-91	Calculation of Taxable Turn over	5.48 (Net of deposit of 1.12 lacs)	Pending before Karnataka Appellate Tribunal, Bangalore
8	ESI Case	Demand disputed - Levy of interest	1.19 after adjusting adhoc payment of Rs.1.2 lacs	Pending before the ESI Court, Chennai

6. Litigations involving Labour Laws

There are no cases pertaining to Labour disputes, pending against our company.

7. Defaults

The company has not defaulted in the payment of interest and repayment of principal to other Companies, Financial Institutions, deposit holders etc. The company has not defaulted in meeting statutory dues, institutional dues and dues towards instrument holders like debentures, fixed deposits, and other arrears.



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Other than the above there are no disputes /litigation towards tax liabilities or any criminal or civil prosecutions against our company for any offence, economic or otherwise.

Cases filed by CECL

There are no cases filed by us.

Against the Directors/Promoters

There are no outstanding litigations towards tax liabilities or any criminal/ civil prosecution for any offences (irrespective of whether they are specified under paragraph (i) of Part 1 of Schedule XIII of the Companies Act, 1956), disputes, defaults, non-payment of statutory dues, proceedings initiated for economic offences or securities related or other offences against the Directors/Promoters of the Company.

OUTSTANDING LITIGATIONS AGAINST GROUP COMPANIES

1. Outstanding litigations/ disputes against top five listed group companies

i. Carborundum Universal Limited (CUMI)

Contingent liabilities (Not provided for as of March 20, 2008) of CUMI:

(Rs. in lacs)

Particulars	Amount
Excise Duty	50.04
Service Tax	85.00
Sales Tax	128.91
Income Tax	985.20

Outstanding litigations filed against CUMI

By Government/ Statutory bodies: There are 5 cases related cases pending at various stages before Hon' High Court of various states in respect of different types of disputes for amounts aggregating approximately Rs. 550 lakhs.

Property Tax: There are 2 property tax related disputes for amounts aggregating approximately Rs. 143 lacs.

Labour Cases: CUMI is involved in 31 labour disputes pending at various stages before various authorities/ courts in respect of different types of disputes especially regarding reinstatement of workmen with back wages, compensation claims by legal heirs of the deceased workman, etc.

Intellectual Property: There is a case file against CUMI related to Intellectual Property rights which is still pending. The amount of the same is not quantifiable.

Shares & Deposits: There are 4 cases filed against CUMI which are shares & Deposits, pending before various authorities. The claim amount is not quantifiable.

Motor Vehicle accident cases: There are 8 motor vehicle accident cases filed against CUMI before the Motor Accident Claims Tribunal at various places for claims amounting to approximately Rs. 34.25 lacs and pending for disposal.

Other cases: M/s. Ajay Marketing Agencies has filed a suit against CUMI for restraining from initiating cheque dishonor action before the District Court, Kanpur and the same is pending.



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Cases filed by CUMI

Particulars	No. of cases	Amount (Rs. in lacs)
Criminal Cases:	9	75.16
Civil	6	28.85
Intellectual Property	4	Not quantifiable

Against Government: An Appeal against the order of the Kerala High Court which upheld the fixation of pre 1992 tariff by Kerala Electricity Board to industries which suffered power cut of more than 50% is pending before the Supreme Court of India. The disputed amount is Rs. 110 lakh

ii. EID Parry (India) Limited (EID)

Outstanding litigations filed against EID

Income Tax: There are 45 cases relating to Income Tax, pending against EID aggregating to Rs. 6505.06 lacs.

Industrial relation cases: There are 5 cases against the Company and its divisions, relating to labour issues various authorities/ courts in respect of different types of disputes.

Others: Kolkata Port Trust filed a petition no. 772/D/2006 before the Estate Office, Kolkata, claiming arrears of rent of Godown amounting to Rs. 31.16 lacs. The claim of arrears of rent is based on the enhanced rent announced by the Kolkata Port Trust and not as per the lease agreement entered between EID Parry (India) Limited and the Kolkata Port Trust. Interim Stay granted by the High Court has been extended until 11.08.2008.

Cases filed by EID

Tamil Nadu Tax on Consumption or Sale of Electricity Act 2003 (Act 12 of 2003): The High Court of Madras dismissed the batch of Writ Petitions and also the Writ Appeals regarding the Generation Tax challenged by many industries including EID. Against this Writ Appeal SLP has been filed in the Supreme Court. SLP allowed in EID's favour and Sugar industries are continue to avail the exemption already granted. Pursuant to the Supreme Court Judgment the Tamil Nadu Government passed an Amendment Act which brought it into force with retrospective effect. Though EID is not governed by the Amended Act, the TNEB has sent demand notice for our Nellikuppam Factory and for the Thyagavalli factory. EID filed a Writ Petition against this demand and obtained stay. The claim amount is Rs. 216 lacs.

Johnson Pedder Limited was merged with EID Parry (India) Limited in the year 1999. Consequent to amalgamation a land belonging to Johnson Pedder Limited was transferred to EID Parry. The Registrar of Property sent a notice requesting the EID to furnish the details of value of the land to ascertain the stamp duty. EID filed a Writ No.628/ 2003 before the Hon'ble High Court, Madhya Pradesh against the Registrar seeking an order restraining the registrar from imposing stamp duty since the transfer was due to amalgamation. The matter is pending disposal. The arguments are over. Awaiting for Judgment.

A writ no. 629/ 2003 was filed by EID before the Hon'ble High Court, Madhya Pradesh seeking an order restraining the Registrar from claiming the registration charges for transfer of assets from Johnson Peddar to EID Parry consequent to amalgamation. The claim amount is Rs. 32 lacs.

Cauvery Sugars and Chemicals Limited (CSCL), now merged with EID Parry (India) Limited, filed a case before the Arbitral Tribunal against Star Grain Shipping Company, for recovery of money amounting to approximately Rs. 900 lakhs for sugar supplied to it. The Tribunal passed an order in favour of CSCL. The



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Star Grain Shipping Company has preferred an appeal no OP 374/ 2005 before Hon'ble High Court, Madras seeking damages alleging breach of contract. Claim amount Rs. 9 crores.

The Tamil Nadu State Government issued a demand notice against EID demanding arrears of water charges, for drawing water from the Palar River, a government resource. EID Parry filed a writ petition no. 35070/ 2003 before the Hon'ble High Court, Madras. Writ Petition admitted and stay granted. Writ is pending. The claim amount is Rs. 39.69 lacs.

Case relates to recovery of Stamp duty and registration fee of Rs.90 lacs under Rajasthan Stamp Act, 1988 for the property, transferred to EID from M/s Falcon Gulf Ceramics Ltd pursuant to the Scheme of Amalgamation approved by the Rajasthan High Court. Writ Petition filed and the High Court by its Order dated 23.11.2007 has granted Interim Stay of recovery. Writ Petition is pending.

Industrial relation cases: There is 1 case against the Company/ its management which is pending with various authorities/ courts in respect of different types of disputes.

iii. Coromandel Fertilisers Limited

Cases filed against CFL

Labour Cases: There are 49 cases of various nature pending before various tribunals/ courts at various stages. The disputed amounts of all the cases are unascertained except two cases, amounting in aggregate to approximately Rs. 22.06 lacs.

Disputes pertaining to Tax

Particulars	Amount (Rs. in lacs)
Income Tax against CFL & its I.T. Department	6253.00
Sales Tax/VAT	73.31
Central Excise	1586.09
Service Tax	6.11

Issues pending at Show Cause stage for which no confirmed order has been issued.

Assessment Year	Type of Liability	Duty Demand (Rs. in lacs)	Remarks
Vizag			
June' 04 to may'05	Irregular availment of Cenvat credit on Low Sulphur Heavy Stock (LSHS) in Complex and Wharf	114.62	Reply to Show Cause Notice (SCN) has been filed before Comm, awaiting for the Order.
Ranipet	Irregular availing of cenvat credit on certain input services	0.07	Reply to SCN has been filed, awaiting for the Order.
June' 04 to may'05	Irregular availment of Cenvat credit on LSHS in DG set	113.71	Reply to SCN has been filed before Comm, awaiting for the Order.
Ranipet	SCN has been issued for wrong availment of cenvat credit on ISD distributed by Head office	11.68	Reply to SCN has been filed before Comm, awaiting for the Order.



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Others:

Fertiliser Control Order (FCO) and Insecticides Act cases: (IA):

There are total 102 (85 under FCO and 17 under IA) pending cases pertaining to pesticides where CFL is involved. These cases are pending before various tribunals/ courts at various stages and the amount of the same is not quantifiable.

Civil Matters

There are 5 cases pending in various courts/ tribunals in all amounting to Rs. 517.68 lacs

Cases filed by CFL

There are 244 cases pending before various authorities/ courts at various stages for different cause of actions amounting to approximately Rs. 2,150.57 lacs.

iv. Chola mandalam DBS Finance Limited

Cases/Suits filed against the Company

Civil cases: There are 210 civil cases filed against the Company which are pending with various authorities/ courts in respect of different types of disputes. The amount of most of the case are unascertainable, also the claims in most of the cases are non-monetary in nature.

Motor Accident Claims Tribunal: There 11 cases are pending before the Motor Accident Claims Tribunal of various states, where the Company has been made a party along with various Insurance Companies. The matters are pending disposal.

Criminal cases: There are 60 criminal cases filed against the Company which relates to alleged offences of criminal breach of trust, cheating by allegedly not returning the security cheques taken as collateral, and alleged presentation of security cheques, alleged illegal repossession of vehicle/ alleged theft of a vehicle repossessed by the Company etc. The claim amount for the same is non-ascertainable.

Consumer Cases: There are 235 cases pending against the Company which are pertaining to consumer disputes filed with District Consumer Disputes Redressal Forum and other authorities. The amount of claim is unascertainable.

Labour cases: There are 3 labour cases pending against the Company with various authorities/courts. The claim amount for the same is unascertainable.

Cases pertaining to Taxation

Sr. No	Particulars	No. of cases/ Disputes	Amounts involved (Rs. In lacs)
1	Income tax	6	60.40
2	Interest Tax	2	15.98
3	Sales tax appeals	18	460.08

Others

Kerala Money Lenders Act to Non Banking Financial Companies: A case has been filed by state government of Kerala against the Company under Kerala Money Lenders Act to Non Banking Financial Companies. The case is pending with High Court of Kerala and the amount of claim is unascertainable.



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Cases/ Suits filed by the Company

Sr. No	Particulars	No. of cases/ Disputes	Amounts involved (Rs. In lacs)
1	Civil Cases	3202	Unascertainable
2	Criminal	21086	Unascertainable
3	Income tax	3	111.38

v. Tube Investments of India Limited (TIIL)

Cases/Suits filed against the Company

Sl. No.	Name of the Parties	Court	Nature of Case	Case No.	Claim Amount (In Lakhs)	Status
1	National Wind Mill Employees Union Vs TII and others	High Court, Madras	Writ file against TNEB and TII for removal of the defective wind mills.	WP 14183/05	Nil	The matter is pending before the High Court.
2	Sundaravadivel. A, Partner, Deivanai Agencies	DMT, Tiruchirapali, TN	Legal proceedings were initiated against Mr.Sundaravadivelu for collection of trade dues. He has filed an injunction suit restraining TIIL from interfering with his business.	OS 214/05	Nil	The case is pending before the civil court.
3	The Board of Trustees of the Port of Bombay Vs TII	High Court, Mumbai	Amount claimed for Port Trust Charges in respect of consignment not lifted by TIIL.	Suit No.1014 of 2001	5.43	The case pending before the High Court
4	Shivani Enterprises Vs TII	Civil Judge, Delhi	One of our C&F Agent filed a suit claiming a sum of Rs.99,462 in respect of the settlement of account.	Suit No.3507 of 1985	Nil	The case is pending before Civil Court
5	Cynosure Investments P Ltd Vs Das Lagerway Ltd (DLWL) and others including TII	Company Law Board, Chennai	This is a complaint by one of the shareholder of DLWL for oppression and mismanagement. They have impleaded TIIL also as a party as DLWL had done the windmill project for TIIL.	CP No.55 of 2002	Nil	TIIL have filed a petition before High Court, Madras and obtained a stay of the CLB proceedings against TIIL.

Labour cases: There are 29 labour cases pending against the Company with various authorities/courts. The claim amount for the same is unascertainable.



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Cases pertaining to Income tax

(Rs. In lacs)

Sl No.	Appeal No.	Asst. Year	Particulars of Additions / Disallowances	Amount	Tax/ Int.	Co./ Dept Appeal
	Before High Court					
1	TC No.1/2007	1996-97	Expenditure on Exchange Rate Fluctuation	771.51	354.89	Co.
			Expenditure on Bonus Issue	2.35	1.08	Co.
2	TC No.389/2007	1997-98	80HHC Calculation	28.73	12.35	Co.
	"	"	Advances written off as bad	50.00	21.50	Co.
3	TC No.524/2007	1997-98	80HHC Calculation - inclusion of ED / Closing stock in turnover			Dept.
4	TC No.233/2008	1998-99	Interest on CWIP of Bawal plant	53.21	18.62	Co.
			TOTAL	905.80	408.44	

Sales Tax/ Entry Tax: There are 8 disputes relating to Sales/ Entry tax for amounts aggregating approximately Rs. 163.87 lacs. In addition to this there is a case pertaining to refund claim amounting to Rs. 6.07 lacs arising out of post manufacturing expenses which is pending with the High Court of Madras where erstwhile TIDC India Ltd. is involved.

Status on Legal Cases - Income Tax relating to erstwhile TIDC India Ltd

(Rs. In lacs)

Sl No.	ITA No.	Asst. Year	Particulars of Additions / Disallowances	Amount	Tax/Int.	Co./ Dept Appeal
	Before High Court					
1	239/2005	1993-94	Disallowance of 80HHC Deduction	7.13	3.69	Dept.
2	240/2005	1994-95	"	11.90	6.16	Dept.
3	241/2005	"	"			Dept.
4	2481/2006	1998-99	Int u/s 234B&C after MAT Credit			Dept.
	Before Supreme Court					
5	TC No. 1568/2007	1998-99	Disallowance u/s 43B(b) - ESI, PF & FPF			Dept.
			TOTAL	19.03	9.85	

Status of legal cases of TI Cycles of India

There are 32 legal cases aggregating to Rs. 180.92 lacs where TI cycles of India is involved. The cases include civil & criminal cases which are pending against various authorities/courts.

OUTSTANDING LITIGATIONS/ DISPUTES AGAINST TOP FIVE UNLISTED GROUP COMPANIES

1. Murugappa Management Services Limited

There are no pending litigations against the Company



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2. Ambadi Enterprises Limited

Contingent liabilities not provided:

Sr. No	Particulars	Amounts involved (where Quantifiable) (Rs. In lacs)
1.	Income Tax demands under appeal	33.32
2.	Excise demands under appeal	33.56
3.	External development charges raised	1.81
4.	Liability on guarantees issued by bank	13.50
5.	Liability on guarantees given to bankers on behalf of an associate company	500.00

3. Parry Murry Co Ltd, UK

There are no pending litigations against the Company

4. New Ambadi Estates Pvt Limited

Contingent liabilities provided:

Sr. No	Particulars	No. of cases/ Disputes	Amounts involved (where Quantifiable) (Rs. In lacs)
1	High Courts (Labour)	1	Not quantifiable
2	Tribunal (Land Dispute)	4	Not quantifiable

5. A M M Arunachalam & Sons Private Limited

There are no pending litigations against the Company

MATERIAL DEVELOPMENTS AFTER THE DATE OF THE LAST BALANCE SHEET

The unsecured loan from Housing Development Corporation Limited has been fully repaid by the Company on 22/05/2008. Other than this there are no material developments after the date of the last financial statements disclosed in the Letter of Offer which is likely to materially and adversely affect or is likely to affect the trading or profitability of the Company or the value of its assets, or its ability to pay its liabilities within the next twelve months.



GOVERNMENT APPROVALS

On the basis of the indicative list of approvals below, we are permitted to carry on business activities and no further approvals from any Government authorities/RBI are required by us to undertake the business of the Company. It must be distinctly understood that, in granting these licenses, the Government of India and/or RBI does not take any responsibility for Company's financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf.

We have obtained necessary approvals and registrations from various authorities in relation to our business activities; which include:

1. Permanent Account Number (AAACT7989E) and Tax Deduction Account Number (CHET00066D) under the Income Tax Act, 1961;
2. Service Tax Registration (Reg. No.: AAACT7989EST001) from Ministry of Finance, Office of the Commissioner of Service Tax , Chennai- 600 035;
3. Tamil Nadu Value Added Tax Registration (Reg. No.: 33310100122) and Andhra Pradesh Value Added Tax Registration (Reg. No.: 28024574164);
4. Certificate of Registration under the Central Sales Tax Act, 1956 (Reg. No.: 10267 dated 25/7/1957) and Value Added Tax, 2005 (Reg. No.: 29970344944 dated 05/04/2005) from Commissioner of Sales tax, Karnataka;



SECTION VI - REGULATORY AND STATUTORY DISCLOSURES

AUTHORITY FOR THE PRESENT ISSUE

The Board of Directors at their meeting held on 26/02/2008 have approved the rights issue of equity shares of the Company of Rs 10/- each to the existing holders of equity shares in the ratio of One equity share for every One equity shares held by them on a date to be announced by the Board (Record Date) for a total amount of Rs. 329.48 lacs. A Special resolution in respect of this rights issue was passed by the shareholders of the Company vide Postal Ballot, the result of which was announced on 04/04/2008. The Board of Directors have decided to make the following offer to the existing shareholders of the company:

Issue of 16,47,390 Equity Shares of Rs. 10/- each at a premium of Rs. 10/- per equity share (Issue Price of Rs.20/-) aggregating Rs. 329.48 lacs on rights basis to the existing Equity Shareholders of the Company in the ratio of 1 (One) Equity Share for every 1 (One) Equity Shares held on 20/08/2008 (Record Date). The face value of the Equity Share is Rs. 10/- per share and the Issue Price is 2 times the face value. The Board of Directors of the Company has approved the Draft Letter of Offer in the board meeting held on 08/04/2008 and the Letter of Offer in the board meeting held on 11/08/2008.

PROHIBITION BY SEBI

The Company, its Promoters, Directors or any of the Company's associates or group companies with which the Directors of the Company are associated as Directors or Promoters have not been prohibited from accessing the capital market under any order or direction passed by SEBI.

ELIGIBILITY FOR THE ISSUE

Coromandel Engineering Company Limited is an existing listed Company. It is eligible to offer this Rights Issue in terms of Clause 2.4.1(iv) of the SEBI (DIP) Guidelines, 2000.

The promoters, their relatives, CECL, group companies are not detained as wilful defaulters by RBI/Government authorities and there are no violations of securities laws committed by them in the past or pending against them.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THIS OFFER DOCUMENT HAS BEEN SUBMITTED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI).

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. LEAD MANAGER, KEYNOTE CORPORATE SERVICES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN OFFER DOCUMENT, LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS



RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER KEYNOTE CORPORATE SERVICES LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED May 07,2008 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATIONS 1992 WHICH READS AS FOLLOWS :

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS MORE PARTICULARLY REFERRED TO IN THE ANNEXURE HERETO IN CONNECTION WITH THE FINALISATION OF THE DRAFT LETTER OF OFFER PERTAINING TO THE SAID ISSUE;
2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:
 - a) THE DRAFT LETTER OF OFFER FORWARDED TO THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
 - b) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY THE BOARD, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
 - c) THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE (AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 AND OTHER APPLICABLE LEGAL REQUIREMENTS).
3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT LETTER OF OFFER ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.
4. WE CERTIFY THE REQUIREMENTS OF PROMOTERS' CONTRIBUTION UNDER CLAUSE 4.10 [SUB-CLAUSE (A), (B) OR (C), AS MAY BE APPLICABLE] ARE NOT APPLICABLE TO THE ISSUER.
5. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
6. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 73(3) OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO



BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.

7. WE CERTIFY THAT NO PAYMENT IN THE NATURE OF DISCOUNT, COMMISSION, ALLOWANCE OR OTHERWISE SHALL BE MADE BY THE ISSUER OR THE PROMOTERS, DIRECTLY OR INDIRECTLY, TO ANY PERSON WHO RECEIVES SECURITIES BY WAY OF FIRM ALLOTMENT, IF ANY, IN THE ISSUE.
8. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.
9. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER :
 - a) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE COMPANY AND
 - b) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.

THE PROMOTER / DIRECTOR OF COROMANDEL ENGINEERING COMPANY LIMITED, MR. M V MURUGAPPAN, MR. M V SUBBIAH, MR. M.A. ALAGAPPAN, MR. A VELLAYAN, MR. M.A.M. ARUNACHALAM, MR. K.T.KUMAR AND MR. S. S. RAJASEKAR CONFIRM THAT NO INFORMATION/MATERIAL LIKELY TO HAVE A BEARING ON THE DECISION OF INVESTORS IN RESPECT OF THE SHARES OFFERED IN TERMS OF THIS LETTER OF OFFER HAS BEEN SUPPRESSED WITHHELD AND / OR INCORPORATED IN THE MANNER THAT WOULD AMOUNT TO MIS-STATEMENT/MISREPRESENTATION AND IN THE EVENT OF ITS TRANSPIRING AT ANY POINT IN TIME TILL ALLOTMENT/REFUND, AS THE CASE MAY BE, THAT ANY INFORMATION/MATERIAL HAS BEEN UPPEPRESSED/WITHHELD AND/ OR AMOUNTS TO A MIS-STATEMENT/ MISREPRESENTATION, THE PROMOTERS/DIRECTORS UNDERTAKE TO REFUND THE ENTIRE APPLICATION MONIES TO ALL SUBSCRIBERS WITHIN 7 DAYS THEREAFTER WITHOUT PREJUDICE TO THE PROVISIONS OF SECTION 63 OF THE COMPANIES ACT.

CAUTION STATEMENT / DISCLAIMER CLAUSE OF THE ISSUER AND THE LEAD MANAGER

The Issuer Company and the Lead Manager accept no responsibility for statements made otherwise than in this Offer Document or in the advertisement or in any other material issued by or at the instance of the Company and the Lead Manager and any one placing reliance on any other source of information would be doing so at his/her/their own risks.

DISCLAIMER IN RESPECT OF JURISDICTION

This offer is being made in India to persons resident in India (including Indian nationals resident in India who are majors, Hindu Undivided Families, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, or any other Trust law and who are authorised under their constitution to hold and invest in shares), Foreign Collaborators and to NRIs, OCBs and FIIs as defined under the Indian laws. This Offer Document does not, however, constitute an offer to sell or an invitation to subscribe to securities issued hereby in any jurisdiction other than India. Any person into whose possession this Offer Document comes is required to inform himself about and to



Coromandel Engineering Company Limited

observe any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in Chennai, State of Tamil Nadu, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Offer Document has been submitted to the SEBI. Accordingly, the equity shares represented thereby may not be offered or sold, directly or indirectly, and this Offer Document may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of Offer Document nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Coromandel Engineering Company Ltd. since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

LISTING

Presently the Equity shares of CECL are listed at Madras Stock Exchange of India Ltd. (MSE) (Designated Stock Exchange), The Company has received in-principle approvals from MSE vide its letter no. MSE/SEC/738/211/08 dated May 09, 2008 for listing of the equity shares being issued in terms of this Letter of Offer.

If the permissions to deal in and for an official quotation of the equity shares are not granted by the stock exchange, the Company shall forthwith repay, without interest, all monies received from the applicants. In case of delay interest shall be paid in accordance with the provisions of Section 73 of the Act.

DISCLAIMER CLAUSE OF THE MADRAS STOCK EXCHANGE LTD. (MSE)

The Madras Stock Exchange Limited, Chennai ("the Exchange") has given vide its letter no. MSE/SEC/738/711/08 dated May 09, 2008 has given permission to this Company to use the Exchange's name in this Offer Document on which this Company's securities are proposed to be listed. The Exchange has scrutinised this Offer Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. "Madras Stock Exchange Limited" does not in any manner:

- (i) Warrant, certify or endorse the correctness or completeness of any of the contents of this Offer Document, or
- (ii) Warrant that the Company's securities will be listed or will continue to be listed on the Madras Stock Exchange, or
- (iii) Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of the Company.

It should not, for any reason, be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Madras Stock Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein for any other reason whatsoever.

FILING

A copy of this Letter of Offer has been filed with SEBI, 3rd Floor, D'Monte Building, 32 D'Monte Colony, TTK Road, Alwarpet, Chennai - 600 018, and with Madras Stock Exchange Ltd., 11 Second Line Beach, Post Box No. 183, Chennai - 600 001

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of Sub-Section (1) of Section 68A of the Companies Act, 1956 which is reproduced below:



"Any person who-

- (a) makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or
- (b) otherwise induces a Company to allot or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."

CONSENTS

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Auditors, Bankers to the Company and Bankers to this Issue; and (b) Lead Manager to this Issue, Registrar to this Issue and legal advisors to the Issue to act in their respective capacities have been obtained and filed with Stock Exchanges at the time of filing this Letter of Offer and such consents have not been withdrawn up to the time of delivery of the Letter of Offer for registration with the stock exchanges.

The Auditors of the Company have given their written consent for the inclusion of their Report in the form and content as appearing in this Offer Document and also the tax benefits accruing to the Company and its members and such consents and reports have not been withdrawn up to the time of delivery of the Letter of Offer for registration with the Stock Exchanges.

EXPERT OPINION

The Company has not obtained any expert opinions.

EXPENSES OF THE ISSUE

The total expenses of the issue are estimated to be around Rs. 30.00 Lacs. All expenses with respect to the issue would be met out of the proceeds of the issue. The split of issue expenses is as under: -

(Rs. in Lacs)

Activity	Estimated Expense
Fees to the intermediaries	22.00
Printing & Stationery and Postage expenses	1.50
Advertisement	1.50
Miscellaneous Expenses	5.00
Total estimated Issue expenses	30.00

The total fees payable to the Lead Manager will be as per the Memorandum of Understanding signed amongst the company and the Lead Manager, a copy of which is available for inspection at the Registered office of CECL.

Fees payable to Registrar to the Issue

The total fees payable to the Registrar to the issue will be as per the Memorandum of Understanding signed amongst the company and the Registrar to the issue, a copy of which is available for inspection at the registered office of CECL.

UNDERWRITING COMMISSION, BROKERAGE AND SELLING COMMISSION

No Underwriting, Brokerage and selling Commission will be payable for this issue.



Coromandel Engineering Company Limited

PREVIOUS ISSUE DETAILS

The company has not made any public/rights issue of its equity shares during the last five years.

ISSUES OTHERWISE THAN FOR CASH

The Company has not made any issue otherwise than for cash.

COMMISSION AND BROKERAGE ON PREVIOUS ISSUES

The Company has not made any Public / Rights Issue during last five years, hence any commission or brokerage has not been paid.

PROMISE VIS-À-VIS PERFORMANCE

a) Of the Company :

Rights Issue - 1989

The Company came out with a Issue of 3,85,295 equity shares of Rs.10/- each on rights basis to the existing equity share holders of CECL for cash at par aggregating to Rs. 38,52,950 through the Letter of Offer dated 14/06/1989. The Issue was made with the object to finance the working capital requirement of the Company. No projections were given in the Offer document.

b) Listed Ventures of Promoters :

EID Parry (India) Limited

Rights Issue of 35,37,200-15% Partly Convertible Debentures of Rs.150 each aggregating to Rs.53.55 crores in August 1993.

Particulars	1993-94		1994-95		1994-95		1996-97	
	Promises as given in the offer document	Actual performance	Promises as given in the offer document	Actual performance	Promises as given in the offer document	Actual performance	Promises as given in the offer document	Actual performance
Sales and other income	50,355	46,629	56,239	53,941	63,861	73,481	70,366	78,136
PBDIT	4,151	4,083	4,750	3,856	8,270	5,021	9,914	7,663
Depreciation	890	833	1,097	1,003	2,181	1,294	2,467	1,931
Interest	1,516	1,645	1,903	142	2,685	1,055	2,396	2,274
PBT	1,745	1,605	1,751	2,711	3,404	2,672	5,051	3,458
PAT	1,303	1,575	1,494	2,321	2,661	2,672	3,007	3,008
Dividend (amount)	235	269	428	507	428	612	428	758
Dividend (percentage)	30	33	30	36	30	36	30	40
EPS	9.70	17.78	10.48	16.48	18.66	15.00	21.09	15.46
Equity capital	1,426	1,020	1,426	1,557	1,426	1,781	1,426	1,781
Reserves and surplus	10,447	7,521	11,514	21,391	13,747	26,804	16,326	29,001
Book value (Rs)*	83.26	83.00	90.74	147.00	106.40	160.00	124.49	172.00

*Excluding Revaluation Reserve and Amalgamation Reserve.



Coromandel Engineering Company Limited

The financial projections in the offer document dated 22nd July 1993 for the 4 years from 1993-94 to 1996-97 were made based on the following:

- i. Rights issue of 3537200-15% Partly Convertible Debentures of Rs.150 each aggregating to Rs.53.55 crores.
- ii. Public issue of 40,00,000- Partly Convertible Debentures of Rs.200 each aggregating to Rs.80 crores. The company did not go for public issue. However, during the year 1994-95 the company raised USD 400 lacs through GDR issue.

The Capital structure of the company and the amount raised were different from the assumption made for the projections published in the Letter of Offer in August 1993. Therefore the financial projections made in the offer document are not strictly comparable with the actual performance. The projects mentioned in the offer document with certain modifications/enhancements and certain additional projects taken up by the company were completed.

Carborundum Universal Limited,

Rights Issue - 1992

Rights Issue of 15% Secured Partly Convertible Debentures of Rs. 130 each for cash aggregating to Rs.33.73 Crores in 1992.

The promise-vs-performance in respect of the issue is as under:

(Rs. in lacs)

Particulars	1992-93		1993-94		1994-95	
	Promises as given in the offer document	Actual performance	Promises as given in the offer document	Actual performance	Promises as given in the offer document	Actual performance
Sales and other income	13,783	13,084	16,278	14,363	18,378	15,931
PBDIT	2,868	2,316	3,895	2,583	4,581	3,067
Interest	740	921	792	875	890	978
Depreciation	713	566	1,011	494	1,183	675
PBT	1,415	830	2,092	1,214	2,508	1,414
Tax	582	187	791	208	1,116	29
PAT	833	643	1,301	1,006	1,392	1,385
Equity share capital	835	835	1,107	1,107	1,107	1,107
Reserves and surplus (net of revaluation reserve)	4,139	3,866	6,470	5,820	7,530	6,856
EPS	9.98	7.70	11.75	9.09	12.57	12.51
Book value	58.53	56.30	67.80	62.57	76.78	71.93

The issue was made to finance the establishment of a hydroelectric power project in Kerala and modernisation / expansion of the bonded abrasives, electrocast refractories and electrominerals divisions.

Outstanding Debentures or Bonds

As on the date of filing of this Letter of Offer, CECL does not have any outstanding Debentures or Bonds.



Coromandel Engineering Company Limited

Outstanding Preference Shares

As on the date of filing of this Letter of Offer, the company has not issued any preference shares.

STOCK MARKET DATA FOR SHARES OF THE COMPANY

The equity shares of the company are listed on Madras Stock Exchange Ltd. (MSE). However there is no trading in the equity shares of CECL on Madras Stock Exchange Ltd. (MSE) since 15/05/1996.

The market price of the equity shares of the Company at MSE as on 26/02/2008, the date on which the Board of Directors decided to make the current offer – Not Applicable

- The date pertaining no delivery period is not applicable, since there is no trading in the equity shares of CECL.
- The cum-rights closing price of the shares of the company is not available, since there is no trading in the equity shares of CECL.
- The ex-rights closing price of the shares of the company is not available, since there is no trading in the equity shares of CECL.

INVESTOR GRIEVANCE REDRESSAL SYSTEM

Coromandel Engineering Company Limited

The investor grievances against the Company will be handled by the Registrars and Transfer Agent in consultation with the secretarial department of the Company. To handle the grievances received, the Company has appointed Ms. Vandana R., as the Compliance Officer. She will supervise redressal of complaints received from the investors at the office of the Company as well as the Registrars to the Rights Issue and ensure timely settlement.

All grievances related to the offer may be addressed to the Registrar to the Rights Issue quoting the application No. (Including prefix), Number of equity shares applied for, amount paid on application, date, Bank and branch/ Collection center where application was submitted.

The normal time taken by CECL for redressal of investor grievance is given below:-

S.No	Type of Request	Normal Time Taken (No of Days)
1	Issue of Duplicate Share Certificate	30 days
2	Transfer of shares	30 days
3	Transmission of shares	30 days
4	Demat/remat of shares	Not applicable as of now
5	Non receipt of dividend	1 week
6	Non receipt of Annual Report	Immediate
7	Change of residential address/ Bank mandate	Within 2 days
8	Consolidation/split of share certificates	30 days

There are no Pending investor Complaints against the company

For Group Companies

Cholamandalam DBS Finance Limited (CDFL)

The redressal norm for response to all correspondence, including shareholders complaints is 4 days. During nine months ended 31/12/2007, 19 investor complaints were received and resolved.



Coromandel Engineering Company Limited

Tube Investments of India Limited (TIIL)

Investor grievance redressal system takes normal time taken to redress various types of investor complaints. The Company promptly attends to investors' queries or grievances. The shareholders / investors grievance committee was constituted to specifically focus on investor services levels. This committee has prescribed norms for attending to the investors' services and these norms are being reviewed periodically.

TIIL received 15 queries / grievances during the period ended 31st December 2007 and all of them were resolved to the satisfaction of the investors. There were no queries to be replied / sorted out as at 31st December 2007.

Carborundum Universal Limited (CUMI)

CUMI has appointed an Investor Services Officer for resolving all investor grievances. There is a dedicated email id for lodgment of investor graveness. The investor services rendered are periodically reviewed by the share transfer, finance & investors' grievance committee. The time taken for resolving investor complaints ranges from 7 to 21 days depending on the nature of the compliant.

CHANGE IN AUDITORS

There has been no change in the Auditors of the company during the past three years.

CAPITALISATION OF RESERVES OR PROFITS

The company has not capitalized its reserves or profit during the last five years.

REVALUATION OF ASSETS

The company has not revalued its asset during the last five years.

**SECTION VII - OFFERING INFORMATION****A. TERMS OF THE ISSUE**

The Equity Shares now being offered are subject to the provisions of the Act and the terms and conditions of this Letter of Offer, the CAF, the Memorandum and Articles of Association of the Company, the approvals from the Government of India, FIPB and RBI, if applicable, the provisions of the Act, guidelines issued by SEBI, guidelines, notifications and regulations for issue of capital and for listing of securities issued by Government of India and/or other statutory authorities and bodies from time to time, Listing Agreements entered into by the Company with Stock Exchanges, terms and conditions as stipulated in the allotment advice or letter of allotment or Security Certificate and rules as may be applicable and introduced from time to time, the FEMA and the Letters of Allotment/Equity Shares to be issued. Over and above such terms and conditions, the Equity Shares shall also be subject to applicable laws, guidelines, notifications and regulations relating to issue of capital and listing of securities issued from time to time by SEBI, the Government of India, RBI and or other authorities.

Ranking of equity shares

The new Equity Shares proposed to be issued in the issue shall be *pari passu* with the existing fully paid up Equity Shares in all respects including dividends

Mode of payment of dividend

The dividend is paid to all the eligible shareholders as per the provisions of Companies Act.

Face value & issue price

The Face Value of Equity Shares of the company is Rs.10/-. The Equity Shares of Rs. 10/- each are being issued at a premium of Rs. 10/- each i.e. at a price of Rs. 20/- per share in the present rights issue.

Rights of equity shareholders

The Shareholders are entitled to receive dividend, as and when declared and bonus and rights shares, as and when issued. Further, the rights of the above and other holders of shares are subject to the provisions of the Companies Act, 1956, the Memorandum and the Articles of Association of the Company, the terms of this Letter of Offer and other laws as applicable from time to time.

Market lot

The market lot for the Equity Shares held in the demat mode is one share. In case of physical certificate, the Company would issue one certificate for the Equity Shares allotted to one person ("Consolidated Certificate"). In respect of consolidated certificate, the Company will, only upon request from the equity shareholder, split & return such consolidated certificate into smaller denomination within 7 days time in conformity with the clause 3 of the Listing Agreement. No fee would be charged by the Company for splitting the consolidated certificate.

Nomination

In terms of Section 109A of the Act, nomination facility is available in case of Equity Shares. The applicant can nominate any person by filling the relevant details in the CAF in the space provided for this purpose.

The sole Equity Shareholder or first Equity Shareholder, along with other joint Equity Shareholders (being individual(s)) may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Equity Shares. Person(s), being a



Coromandel Engineering Company Limited

nominee, becoming entitled to the Equity Shares by reason of the death of the original Equity Shareholder(s), shall be entitled to the same rights to which he would be entitled if he/she were the registered holder of the Equity Shares. Where the nominee is a minor, the Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s), in the event of death of the said holder, during the minority of the nominee. A nomination shall stand rescinded upon the sale/disposal of the Equity Share by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. When two or more persons hold the Equity Share(s), the nominee shall become entitled to receive the shares only on the demise of all the holders.

Fresh nominations can be made only in the prescribed form available on request at the office of the Company located at Coromandel Engineering Company Limited Parry House, 3rd Floor 43, Moore Street, Chennai - 600 001 or such other place at such addresses as may be notified by the Company. The applicant can make the nomination by filling in the relevant portion in the CAF. Only one nomination would be applicable for one folio. Hence, in case the shareholder(s) has (have) already registered the nomination with the Company, no further nomination need to be made for Equity Shares to be allotted in this Issue under the same folio.

In case the allotment of Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be allotted in this Issue. Nominations registered with respective Depository Participant of the applicant would prevail. If the applicant requires to change the nomination, they are requested to inform their respective Depository Participant.

Minimum subscription

- i) If the Company does not receive the minimum subscription of 90% of the issue, the entire subscription shall be refunded to the applicants within forty two days from the date of closure of the Issue.
- ii) If there is a delay in the refund of subscription by more than 8 days after the Company becomes liable to pay the subscription amount (i.e. forty two days after closure of the issue), the Company shall pay interest for the delayed period at rates prescribed under sub-sections (2) and (2A) of Section 73 of the Companies Act, 1956.

Restrictions on transfer and transmission of shares and on their consolidation/ splitting

There are no restrictions on transfer and transmission and on their consolidation/splitting of shares issued pursuant to this issue.



B. ISSUE PROCEDURE

BASIS OF THE OFFER

The Equity Shares are being offered for subscription for cash to those existing Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the depositories in respect of the Equity Shares held in the electronic form and on the Register of Members of the Company in respect of Equity Shares held in the physical form at the close of business hours on the Record Date. The Company has in consultation with the Designated Stock Exchange fixed the Record Date for determining the shareholders who are entitled to receive this offer for Equity Shares on a rights basis. The Equity Shares are being offered for subscription in the ratio of 1 (One) Equity Share for every 1(One) Equity Share held by the Equity Shareholders. The shareholders whose names appear as beneficial owners as per the list furnished by the depositories in respect of the Equity Shares held in electronic form and on the register of members of the Company in respect of the shares held in physical form on 20/08/2008 at the close of business hours shall be entitled to the Equity Shares on the Rights basis in the ratio of 1 (One) equity share for every 1 (One) Equity Share held by them.

OPTION TO SUBSCRIBE

Applicants to the Equity Shares of the Company issued through this Rights Issue shall be allotted the securities in dematerialized (electronic) form at the option of the applicant. The Company has signed a tripartite agreement with National Securities Depository Limited (NSDL) and Karvy Computershare Private Limited on 23/04/2008 and with Central Depository Services (India) Limited (CDSL) and Karvy Computershare Private Limited on 05/05/2008, which enables the Investors to hold and trade in securities in a dematerialised form, instead of holding the securities in the form of physical certificates.

RIGHTS ENTITLEMENT

As your name appears as beneficial owner in respect of the shares held in the electronic form or appears in the register of members as an equity shareholder of the Company on the Record Date, you are entitled to this Rights Offer. The number of Equity Shares to which you are entitled is shown in Block I of Part A of the enclosed CAF and as shown in part A of the enclosed CAF.

FRACTIONAL ENTITLEMENT

On applying the rights ratio the rights entitlement may lead to fractional entitlement to some of the shareholders. In such an event the fractional entitlement will be rounded off to the next higher integer. The additional entitlement shall be made available out of the entitlement of one of the promoters. The adjustment will be made in the composite application form so as to ensure the allocation is made within the issue size.

JOINT-HOLDERS

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed (so far as the company is concerned) to hold the same as joint-holders with benefits of survivorship subject to provisions contained in the Articles.

OFFER TO NON-RESIDENT EQUITY SHAREHOLDERS/ APPLICANTS

Applications received from NRIs and other NR shareholders for allotment of Equity Shares shall be, inter alia, subject to the conditions imposed from time to time by the RBI under the FEMA in the matter of refund of application moneys, allotment of Equity Shares, issue of Letter of Allotment / share certificates, payment of interest, dividends, etc. General permission has been granted to any person resident outside India to apply shares offered on rights basis by an Indian Company in terms of FEMA and the rules and



regulations thereunder. Vide notification dated June 18, 2003, bearing number FEMA 94/2003, RBI has granted general permission to Indian companies to issue rights/bonus shares to existing non-resident shareholders. The existing non-resident shareholders may apply for issue of additional shares and the Company may allot the same subject to the condition that the overall issue of shares to non-residents in the total paid up capital does not exceed the sectoral cap. In other words, non-residents may subscribe for additional shares over and above shares offered on rights basis by the company and renounce the shares offered in full or part thereof in favour of a person named by them. Residents may subscribe for additional shares over and above the shares offered on rights basis by the Company and also renounce the shares offered either in full or part thereof in favour of a person named by them. The Equity Shares issued under the Rights Issue and purchased by NR shall be subject to the same conditions including restrictions in regard to the repatriability as are applicable to the previously held Equity Shares against which Equity Shares under the Rights Issue are issued.

However, as per the provisions of AP DIR circular No. 14 dated September 16, 2003 (issued by the RBI), such shareholders who have been allotted the Equity Shares as OCBs would not be permitted to participate in the Rights Issue. Accordingly, shareholders/ applicants who are OCBs and wishing to participate in the Rights Issue would be required to submit approvals in relation thereto from the FIPB and the RBI. The Board of Directors may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the allotment of Equity Shares, payment of dividend etc. to the Equity Shareholders who are NR.

NOTICES

All notices to the Equity Shareholder(s) required to be given by the Company shall be published in one English national daily with wide circulation, one Hindi national daily with wide circulation and/or, will be sent by ordinary post to the registered holders of the Equity Share(s) from time to time.

ISSUE OF DUPLICATE EQUITY SHARE CERTIFICATE

If any Equity Share Certificate(s) is/are mutilated or defaced or the pages for recording transfers of Equity Shares are fully utilized, the Company against the surrender of such Certificate(s) may replace the same, provided that the same will be replaced as aforesaid only if the Certificate numbers and the Distinctive numbers are legible.

If any Equity Share Certificate(s) is/are destroyed, stolen, lost or misplaced, then upon production of proof thereof to the satisfaction of the Company and upon furnishing such indemnity/ surety and/or such other documents as the Company may deem adequate, duplicate Equity Share Certificate(s) shall be issued.

OPTIONS AVAILABLE TO THE EQUITY SHAREHOLDERS

The Equity Shareholders will be having the following five options:

- Apply for his entitlement in part
- Apply for his entitlement in part and renounce the other part
- Renounce his entire entitlement
- Apply for his entitlement in full
- Apply for his entitlement in full and apply for additional Equity Shares



HOW TO APPLY

For Resident Indian Shareholders

Application should be made only on the enclosed CAF provided by the Company. The enclosed CAF should be completed in all respects, as explained in the instructions indicated in the CAF. Applications will not be accepted by the Lead Manager or by the Registrar to the Issue or by the Company at any offices except in the case of postal applications as per instructions given in the Letter of Offer. Payment should be made in cash (not more than Rs.20,000/-) or by cheque/bank draft/ drawn on any bank (including a co-operative bank) which is situated at and is a member or a sub-member of the bankers clearing house located at the centre where the CAF is submitted and which is participating in the clearing at the time of submission of the application. Outstation cheques/money orders/postal orders will not be accepted and CAFs accompanied by such cheques/money orders/postal orders are liable to be rejected.

For Non-Resident Shareholders

Applications received from the Non-Resident Equity Shareholders for the allotment of Equity Shares shall, *inter alia*, be subject to the conditions as may be imposed from time to time by the RBI, in the matter of refund of application moneys, allotment of Equity Shares, issue of letters of allotment/certificates/payment of dividends etc. Letter of Offer and CAF shall be dispatched to non-resident Equity Shareholders in India only.

For applicants residing at places other than designated Bank collecting branches.

Applicants residing at places other than the cities where the Bank collection centres have been opened should send their completed CAF by registered post/speed post to the Registrars to the Issue, Karvy Computershare Private Limited alongwith demand drafts, net of demand draft and postal charges, payable to the Company at Chennai in favour of “CECL - Rights Issue” crossed “A/c Payee only” so that the same are received on or before closure of the Issue i.e; 29/09/2008.

The Company will not be liable for any postal delays and applications received through mail after the closure of the Issue are liable to be rejected and returned to the applicants. Applications by mail should not be sent in any other manner except as mentioned below.

All application forms duly completed together with cash/cheque/demand draft for the application money must be submitted before the close of the subscription list to the Bankers to the Issue named herein or to any of its branches mentioned on the reverse of the CAF. The CAF alongwith application money must not be sent to the Company or the Lead Manager to the Issue or the Registrar to the Issue except as mentioned above. The applications are required to strictly adhere to these instructions. Failure to do so could result in the application being liable to be rejected by the Company, the Lead Manager and the Registrar not having any liabilities to such applicants.

The CAF consists of four parts:

- Part A: Form for accepting the Equity Shares offered and for applying for additional Equity Shares
- Part B: Form for renunciation
- Part C: Form for application for renouncees
- Part D: Form for request for split application forms



You may exercise any one of the following options with regard to the Equity Shares offered to you, using the enclosed CAF:

Sr. No	Options available	Action Required				
1.	Accept whole or part of the Equity Shares offered to you without renouncing the balance	Fill in and sign Part A indicating in Block III of Part A the number of Equity Shares accepted. If you accept all the equity share offered in Block II of Part A you may apply for additional Equity Shares. Indicate in Block IV the additional Equity Shares applied for.				
2.	Renounce all the Equity Shares offered to you to one person (joint renouncees are deemed as one person) without your applying for any of the Equity Shares offered to you.	Fill in and sign Part B indicating the number of Equity Shares renounced in Block VII and handover the ENTIRE FORM to the renouncee. The renouncee/ joint renouncee(s) must fill in and sign Part C of CAF.				
3.	Accept a part of your entitlement and renounce the balance or part of it to one or more Renouncee(s).	Fill in and sign Part D for the Split Form and send the ENTIRE CAF to the Registrar to the Issue.				
	OR	On receipt of Split Forms :				
4.	Renounce your entitlement or part of it to one or more persons (joint renouncees are deemed as one person).	<table><tr><td>a</td><td>For the Equity Shares you are accepting, fill in and sign Part A.</td></tr><tr><td>b</td><td>For the Equity Shares you are renouncing fill in and sign Part B indicating the number of Equity Shares renounced in Block VII. Each of the renouncees should fill in and sign Part C.</td></tr></table>	a	For the Equity Shares you are accepting, fill in and sign Part A.	b	For the Equity Shares you are renouncing fill in and sign Part B indicating the number of Equity Shares renounced in Block VII. Each of the renouncees should fill in and sign Part C.
a	For the Equity Shares you are accepting, fill in and sign Part A.					
b	For the Equity Shares you are renouncing fill in and sign Part B indicating the number of Equity Shares renounced in Block VII. Each of the renouncees should fill in and sign Part C.					

Note: If application is made jointly with any other person(s) who is/are not already joint holders or change in the sequence of names of joint holders, it will amount to renunciation and the procedure mentioned in (2) above will have to be followed.

Acceptance of Offer

You may accept the Offer and apply for the Equity Shares offered, either in full or in part by filling Block III of Part A of the enclosed CAF and submit the same along with the application money payable to the bankers to the Issue or any of the branches as mentioned on the reverse of the CAF before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board thereof in this regard. Applicants at centers not covered by the branches of collecting banks can send their CAF together with the demand draft, net of demand draft and postal charges, payable to the Company at Chennai to the Registrar to the Issue by registered post. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected.

You may apply for the Equity Shares offered wholly or in part by filling in the enclosed CAF and submitting the same along with the application money to the Bankers to the Issue or its designated branches on or before the closure of the subscription list. The CAF should be complete in all respects, as explained in the INSTRUCTIONS indicated in the CAF. The CAF should not be detached under any circumstances, otherwise the application(s) will be rejected forthwith.

Application for additional Equity Shares

You are also eligible to apply for additional Equity Shares over and above the number of Equity Shares offered to you provided you have applied for all the shares offered to you without renouncing



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them in full or in part. However, the additional Equity Shares cannot be renounced in full or in part, in favour of any other person(s).

If you desire to apply for additional Equity Shares, you may fill in the number of additional Equity Shares in Part A of the CAF. The allotment of additional Equity Shares will be at the sole discretion of the Board on an equitable basis with reference to the number of Equity Shares held by you on the Record Date in consultation with The Designated Stock Exchange. In the case of requests for additional Equity Shares by Non Residents, the allotment will be subject to the approval of Reserve Bank of India. The Board may reject any application for additional Equity Shares without assigning any reasons thereof. The renounees can also make an application for additional shares.

Renunciation

You may renounce all or any of the Equity Shares, you are entitled to in favour of any individual, limited companies, or statutory corporations / institutions. However renunciation in favour of more than three persons as joint holders, trust or society (unless the same is registered under the Societies Registration Act, 1860 or any other applicable trust laws and is authorised under its constitution to hold shares in a company), OCBs, minors (unless acting through natural or legal guardians), Partnership Firms, or their nominees, or any of them will not be accepted.

Any renunciation from Resident(s) to Non- Resident(s) is subject to the renouncer(s)/ renounee(s) obtaining requisite approval(s) of the Reserve Bank of India (RBI) and the said permission must be attached to the CAF.

Procedure for renunciation

(i) To Renounce in WHOLE

If you wish to renounce this offer in whole, please complete PART 'B' of the CAF enclosed with the Letter of Offer for the number of Equity Shares renounced and deliver the CAF duly signed to the person(s) in whose favour the Equity Shares are so renounced. All joint holders must sign as per specimen signatures recorded with the Company at the place provided for the purpose and in the same order.

The person(s), in whose favour the offer has been renounced (renounees) should complete and sign PART C of the CAF. In case of joint renounees, all joint renounees must sign.

(ii) To Renounce in PART

If you wish to either accept this offer in part and renounce the balance of this offer the CAF must first be split into the requisite number of forms, by applying to the Registrar to the Issue. Please indicate your requirement of split forms in the space provided for this purpose in PART D of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on or before the last date for receiving requests for split forms i.e. 13/09/2008.

If you wish to apply for Equity Shares jointly with any person(s) who is/are not already joint holder(s) with you, then it would amount to renunciation and the procedure of renunciation as mentioned above shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure as stated above shall have to be followed.

Further, this right of renunciation is subject to the express condition that the Board shall be entitled in its absolute and unqualified discretion to reject any such request for allotment of Equity Shares from renounee(s) without assigning any reason thereof save where the Equity Shares have been renounced in favour of a person who is already a member of the Company.



Please note that:

- a) Part A of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid.
- b) Only the person to whom this Letter of Offer has been addressed and NOT the renounees shall be entitled to split forms. Forms once split cannot be resplit.

Request for split forms:

- Request for Split Forms should be addressed to the Registrar to the Issue so as to reach them on or before the last date for receiving of request for split forms by filling in PART D of the CAF.
- Requests for Split Forms will be entertained only once.

Availability of duplicate CAF

In case the original CAF is not received, or is misplaced by the applicant, the Registrar to the Issue will issue a duplicate CAF on the request of the applicant who should furnish the registered folio number/ DP and Client ID number and his/ her full name and address to the Registrar to the Issue. Please note that the request for duplicate CAF should reach the Registrar to the Issue within 15 days from the Issue Opening Date. Please note that those who are making the application in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the applicant violates any of these requirements, he / she shall face the risk of rejection of both the applications as well as forfeiture of amounts remitted along with the applications.

Application on Plain Paper

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Rights Issue on plain paper, along with a Demand Draft payable to the Company at Chennai which should be drawn in favour of "CECL- Rights Issue" crossed A/c Payee Only and send the same by registered post directly to the Registrar to the Issue.

The application on plain paper, duly signed by the applicants including joint holders, in the same order as per specimen recorded with the Company, must reach the office of the Registrar to the Issue before the Issue Closing Date (i.e; 29/09/2008) and should contain the following particulars:

- Name of Issuer, being Coromandel Engineering Company Limited.
- Name and address of the Equity Shareholder including joint holders
- Registered Folio Number/ DP and Client ID no.
- Number of shares held as on 20/08/2008 (Record Date).
- Certificate numbers and distinctive numbers, if held in physical form
- Number of Rights Equity Shares entitled
- Number of Rights Equity Shares applied for out of entitlement
- Number of additional Equity Shares applied for, if any
- Total number of Equity Shares applied for
- Total amount paid at the rate of Rs. 10/-per Equity Share
- Particulars of cheque/ draft
- Savings/Current Account Number and name and address of the Bank where the Equity Shareholder will be depositing the refund order
- Each of the applicant should mention his/her Permanent Account Number (PAN) allotted under the IT Act.
- In case of Non-Resident shareholders, NRE/FCNR/NRO Account No., name and address of the bank and branch.



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- Signature of Equity Shareholders to appear in the same sequence and order as they appear in the records of the Company
- Payment in such cases, should be through a demand draft, net of demand draft and postal charges, payable to the Company at Chennai be drawn in favour of “CECL - Rights Issue” crossed “A/c Payee only”.

Please note that those who are making the application on plain paper shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the applicant violates any of these requirements, he/she shall face the risk of rejection of both the applications as well as forfeiture of amounts remitted along with the applications. The Company shall refund such application amount to the applicant without any interest thereon.

Quoting of PAN/GIR no. in the application forms

Pursuant to the circular MRD/DoP/Circ-05/2007 dated April 27, 2007, SEBI has mandated Permanent Account Number (PAN) to be the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction with effect from July 2, 2007. Each of the applicants should mention his/her PAN allotted under the IT Act. **Applications without this information will be considered incomplete and are liable to be rejected.** It is to be specifically noted that Bidders should not mention the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground.

Last date for submission of CAF

The last date for receipt of CAF by the Bankers to the Issue together with the amount payable on application is 29/09/2008. If the relevant CAF together with amount payable thereunder is not received by the Bankers/Registrar to the Issue on or before the close of banking hours on the aforesaid last date the offer contained in this Letter of Offer shall be deemed to have been declined and the Board shall be at liberty to dispose of the Equity Shares hereby offered as provided under "Basis of Allotment".

Incomplete application

CAFs which are not complete or are not accompanied with the application money amount payable are liable to be rejected.

TERMS OF PAYMENT

The entire amount of Rs.20/- per share is payable on application by all shareholders/applicants.

MODE OF PAYMENT

For Resident Shareholders/Applicants

Payment(s) must be made by cheque/demand draft and drawn on any bank (including a co-operative bank) which is situated at and is a member or a sub-member of the Bankers' Clearing House located at the centre where the CAF is submitted. A separate cheque/draft must accompany each CAF. Only one mode of payment should be used. Money orders, postal orders and outstation cheques will not be accepted and applications accompanied by any such instruments will be rejected.

Shareholders/Applicants residing at places other than those mentioned in the CAF and applicants who wish to send their applications but not having collection centers should send their application by Registered Post, ONLY to the Registrar to the Issue enclosing a demand draft drawn on a clearing Bank and payable to the Company at Chennai ONLY net of bank charges and postal charges, before the closure of the issue.



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Such cheque/drafts should be payable to "CECL - RIGHTS ISSUE". All cheques/ drafts must be crossed 'A/c Payee only'. No receipt will be issued for the application money received. However, the Collection Centre receiving the application will acknowledge receipt of the application by stamping and returning the acknowledgement slip at the bottom of each CAF. The Company is not responsible for any postal delay/ loss in transit on this account.

For Non-Resident Shareholders/Applicants

As regards the application by non-resident equity shareholders, the following further conditions shall apply:

Application with repatriation benefits

Payment by NRIs/ FIIs/ foreign investors must be made by demand draft/cheque payable to the Company at Chennai or funds remitted from abroad in any of the following ways:

- By Indian Rupee drafts purchased from abroad and payable to the Company at Chennai or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or
- By cheque / draft on a Non-Resident External Account (NRE) or FCNR Account maintained in Chennai; or
- By Rupee draft purchased by debit to NRE/ FCNR Account maintained elsewhere in India and payable in Chennai; or
- FIIs registered with SEBI must remit funds from special non-resident rupee deposit account.

All cheques/drafts submitted by non-residents applying on repatriable basis should be drawn in favour of "CECL - RIGHTS ISSUE - NR" payable to the Company at Chennai and crossed 'A/c Payee only' for the amount payable.

A separate cheque or bank draft must accompany each application form. Applicants may note that where payment is made by drafts purchased from NRE/FCNR accounts as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/FCNR account should be enclosed with the CAF. In the absence of the above the application shall be considered incomplete and is liable to be rejected.

In the case of NRIs who remit their application money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account details of which should be furnished in the appropriate columns in the CAF. In the case of NRIs who remit their application money through Indian Rupee Drafts from abroad, refunds and other disbursements, if any will be made in US Dollars at the rate of exchange prevailing at such time subject to the permission of RBI. The Company will not be liable for any loss on account of exchange rate fluctuation for converting the Rupee amount into US Dollars or for collection charges charged by the applicant's Bankers.

Application without repatriation benefits

As far as non-residents holding shares on non-repatriation basis is concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in Chennai or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Chennai. In such cases, the allotment of Equity Shares will be on non-repatriation basis.

All cheques/drafts submitted by non-residents applying on non-repatriation basis should be drawn in favour of "CECL - RIGHTS ISSUE" payable at Chennai and must be crossed 'A/c Payee only' for the amount payable. The CAF duly completed together with the amount payable on application must be



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deposited with the Collecting Bank indicated on the reverse of the CAF before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.

If the payment is made by a draft purchased from an NRO account, an Account Debit Certificate from the bank issuing the draft, confirming that the draft has been issued by debiting the NRO account, should be enclosed with the CAF. In the absence of the above, the application shall be considered incomplete and is liable to be rejected.

New demat account shall be opened for holders who have had a change in status from resident Indian to NRI.

Note:

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to Income Tax Act, 1961.
- In case Equity Shares are allotted on non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.
- The CAF duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAF before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- In case of an application received from non-residents, allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/ rules prescribed by RBI as applicable at the time of making such allotment, remittance and subject to necessary approvals.

Application will not be accepted by the Lead Manager or by the Company.

Note on cash payment (section 269 SS)

Having regard to the provisions of Section 269 SS of the Income Tax Act, 1961, subscriptions against applications for securities should not be effected in cash and must be effected only by 'Account Payee' cheques or 'Account Payee' bank drafts, if the amount payable is Rs. 20,000/- or more. In case payment is effected in contravention of this provision, the application is liable to be rejected.

FORFEITURE

The allotment shall be made only on receipt of full application money as mentioned in "Terms of Payment". As such there will be no partly paid-up shares emerging from this issue and hence no requirement of any forfeiture.

APPLICATION UNDER POWER OF ATTORNEY

In case of applications under Power of Attorney or by Limited Companies or Bodies Corporate or Societies registered under the applicable laws, a certified copy of the Power of Attorney or the relevant authority, as the case may be, along with the certified copy of the Memorandum and Articles of Association or Bye-laws, as the case may be, must be lodged separately by registered post at the office of the Registrar to the Issue simultaneously with the submission of the CAF, indicating the serial number of the CAF and the name of the bank and the branch office where the application is submitted within 10 days of closure of the offer, failing which the application is liable to be rejected. In case the Power of Attorney is already registered with the Company, then the same need not be furnished again. However, the serial number of the Registration under which the Power of Attorney has been registered with the Company must be mentioned below the signature of the Applicant.

BANK DETAILS OF THE APPLICANT

The applicant must fill in the relevant column in the CAF giving particulars of Savings Bank/Current Account Number and the name of the Bank with whom such accounts is held, to enable the Registrar to



the Issue to print the said details in the Refund Orders, if any, after the name of the payees. **Please note that provision of Bank Account details has now been made mandatory and applications not containing such details are liable to be rejected.**

APPLICATION NUMBER ON THE CHEQUE/DEMAND DRAFT

To avoid any misuse of instruments, the applicants are advised to write the application number and name of the first applicant on the reverse of the cheque / demand draft.

GROUND FOR TECHNICAL REJECTIONS

Applicants are advised to note that applications are liable to be rejected on technical grounds, including the following:

- ☞ Amount paid does not tally with the amount payable for;
- ☞ Bank account details (for refund) are not given / or incomplete / or incorrect;
- ☞ Age of first applicant not given in case of renouncee(s);
- ☞ PAN not stated or GIR number furnished instead of PAN. See the section titled "Issue Procedure - Permanent Account Number or PAN/ GIR;
- ☞ Cash applications for an amount exceeding Rs.20,000/-;
- ☞ In case of Application under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;
- ☞ If the signature of the existing shareholder does not match with the one given on the Application Form and for renouncees if the signature does not match with the records available with their depositories;
- ☞ If the Applicant desires to have shares in electronic form, but the CAF does not have the Applicant's depository account details;
- ☞ CAFs are not submitted by the Applicants within the time prescribed as per the CAF and the Letter of Offer;
- ☞ Applications not duly signed by the sole/joint Applicants;
- ☞ Applications by OCBs unless accompanied by specific approval from the RBI permitting the OCBs to invest in the Issue;
- ☞ In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity;
- ☞ Applications by ineligible Non-residents (including on account of restriction or prohibition under applicable local laws) and where last available address in India has not been provided;
- ☞ Multiple applications.

GENERAL

- (a) All applications should be made on the printed CAF provided by the Company and should be complete in all respects. Applications which are not complete in all respects or are made otherwise than as herein provided or not accompanied by proper application money in respect thereof will be rejected & refunded without interest.
- (b) Please read the instructions in the enclosed CAF carefully.
- (c) ALL COMMUNICATIONS IN CONNECTION WITH YOUR APPLICATION FOR THE EQUITY SHARES INCLUDING ANY CHANGE IN YOUR REGISTERED ADDRESS SHOULD BE ADDRESSED TO THE REGISTRAR TO THE ISSUE.
- (d) Application Forms must be filled in ENGLISH in BLOCK LETTERS.
- (e) Signatures should be either in English or Hindi or the languages specified in the Eighth Schedule to the Constitution of India. Signatures other than in the aforementioned languages or thumb impressions must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal.



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- (f) In case of Joint Holders, all joint holders must sign the relevant parts of the Application Form in the same order and as per the specimen signatures recorded with the Company.
- (g) In case of joint applicants, refunds and all payments will be made to the person whose name appears first on the application form and all communications will be addressed to him/her. To prevent any fraudulent encashment of refund orders by third parties, the Sole/First Applicant must indicate Saving / Current Account number and the name of the bank and its branch with whom such account is held in the space provided in the CAF for the purpose so that Refund Orders are printed with these details after the name. Applications without this information are liable to be rejected.
- (h) The Application Form should be presented to the Bank in its entirety. If any of the Part(s) A,B,C and D of the Application Form(s) is /are detached or separated, such application will forthwith be rejected.
- (i) All shareholders must submit the CAF along with remittance only to the Bankers to the Issue mentioned in this Letter of Offer and not to the Company, the Registrar or the Lead Manager.
- (j) Any dispute or suit action or proceedings arising out of or in relation to this Letter of Offer or in respect of any matter or thing herein contained and claimed by either party against the other shall be instituted or adjudicated upon or decided solely by the appropriate Court where Registered Office of the Company is situated.
- (k) The last date for receipt of CAF alongwith the amount payable is 29/09/2008. However, the Board will have the right to extend the same for such period as it may determine from time to time, but not exceeding 60 days from the date of opening of the subscription list. If the CAF together with the amount payable thereunder is not received by the bankers to the issue on or before the closure of the banking hours on the aforesaid date, or such date as may be extended by the Board, the offer contained in this Letter of Offer shall be deemed to have been declined and the Board shall be at liberty to dispose the Rights hereby offered.

For further instructions please read CAF carefully.

DEMATERIALISATION

As per the provisions of the Depositories Act, 1996, the shares of a body corporate may be held in dematerialized form i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode. The Company has entered into a tripartite agreement dated 23/04/2008 with the National Securities Depository Ltd. (NSDL) and Karvy Computershare Private Limited for dematerialisation of the equity shares of the Company. The Company has also entered into a tripartite agreement dated 05/05/2008 with the Central Depository Services Limited (CDSL) and Karvy Computershare Private Limited for dematerialisation of the equity shares of the Company. The ISIN No. granted to the equity shares of the Company is INE 312J01012.

An applicant has the option to seek allotment in physical or demat mode. An applicant who seeks allotment in demat mode must have atleast one Beneficiary Account with any of the Depository Participants (DP) of NSDL or CDSL registered with SEBI, prior to the application. Such applicants must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's ID Number) appearing under the head "Request for shares in electronic form" in the CAF.

Applicant must indicate in the CAF, the number of shares they wish to receive in electronic form out of the total number of equity shares applied for. In case of partial allotment, shares will first be allotted in electronic form and the balance, if any, will be allotted in physical form.

Names in the CAF should be identical to those appearing in the account details in the Depository. In case of joint holders, the name should necessarily be in the same sequence as they appear in the account details in the Depository.

No separate application for demat and physical shares is to be made. If such applications are made the application for physical shares will be treated as multiple applications and rejected accordingly. It may be



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noted that electronic shares can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL.

Non-transferable allotment letters/ refund orders will be directly sent to the applicant by the Registrar to the Issue

The applicant is responsible for the correctness of the applicants demographic details given in the share application form vis-à-vis those with his/her DP. Equity shares allotted in demat mode will be credited directly to the respective Beneficiary Account.

DISPOSAL OF APPLICATION AND APPLICATION MONEY

The Board reserves the right to reject applications in case the application concerned is not made in terms of this Letter of Offer. In case an application is rejected in full the whole of the application money received will be refunded to the first named applicant and where an application is rejected in part, the excess application money will be refunded to the first named applicant within 6 weeks from the date of closure of the subscription list in accordance with Section 73 of the Act. If there is delay of refund of application money by more than 8 days after the Company becomes liable to pay (i.e. forty-two days after the closure of Issue), the Company will pay interest for the delayed period at the rate prescribed under sub-Section (2) and (2A) of Section 73 of the Act.

The subscription monies received in respect of this Issue will be kept in a separate bank account and the Company will not have access to nor appropriate the funds until it has satisfied the Stock Exchange with suitable documentary evidence that minimum subscription of 90% of the application money for the Issue has been received.

No acknowledgment will be issued for the application monies received by the Company. However, the Bankers to the Issue at its collection branches to the Issue receiving the CAF as applicable as per the terms of this Letter of Offer, will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF. Except for the reasons stated under "Grounds for Technical Rejections" on page 126 of this Letter of Offer and subject to valid application, acknowledgement of receipt of application money given by the collection agent shall be valid and binding on issuer and other persons connected with the Issue.

BASIS OF ALLOTMENT

In the event of the issue being oversubscribed, the basis of allotment will be made only within the overall size of the Rights Issue, as stated in the Letter of Offer and the Board will proceed to allot the Equity Shares in consultation with the designated stock exchange in the following order of priority:

1. Full allotment to the Shareholders who have applied for their Rights entitlement, either in full or in part and also the renouncee(s) who have applied for Equity Shares renounced in their favour either in full or in part (subject to the other provisions contained under the paragraph titled "Renunciation").
2. Allotment to the shareholders who have applied for additional Equity Shares provided that they have applied for all the Equity Shares offered to them, provided there is a surplus after making full allotment under (1) above. The allotment of such additional Equity Shares will be made as far as possible on the basis of the Equity Shares held as on the Record Date.
3. Allotment to the renounees who have applied for all the Equity Shares renounced in their favour and have applied for additional Equity Shares, as the Board may in its absolute discretion deem fit, provided there is a surplus after making full allotment (1) and (2) above.



4. Allotment to any other person as the Board may in their absolute discretion deem fit, provided there is a surplus after making full allotment under (1), (2), (3) above.

The undersubscribed portion can be applied for only after the close of the Issue.

The promoters/directors/associates/promoter group intend to subscribe to their rights entitlement as well as the entire undersubscribed portion from public and/or foreign collaborator, if any, in this rights issue in full. Presuming no subscription is received from other shareholders and the promoters/promoter group subscribing to the entire unsubscribed portion, their shareholding shall increase to 85.88 % of the post rights issue equity capital of the Company. As a result of this subscription and consequent allotment, the promoters/promoter group may acquire shares over and above their entitlement in the issue which may result in their shareholding in the company being above their current holding. This subscription and acquisition of additional equity shares by the Promoter/promoter group, if any, will not result in change of control of the management of the Company and shall be exempt in terms of provision to Regulation 3(1)(b)(ii) of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997.

The promoters/promoter group have confirmed that in case the Rights Issue of the Company is completed with their subscribing to equity shares over and above their entitlement and as a result, if the public shareholding in the Company after the Issue falls below the permissible minimum level as specified in the listing condition or listing agreement, they will make an offer for sale of their holdings so that the public shareholding is raised to the minimum level specified in the listing agreement or in the listing conditions within a period of 3 months, as per the requirements of sub-clause 17.2 of SEBI (Delisting of Securities) Guidelines, 2003 or as per any amendment thereto.

LETTERS OF ALLOTMENT OR REFUND ORDERS

Company shall ensure despatch of refund orders, if any, by under the Certificate of Posting or registered post or speed post or through modes as mentioned in section, Terms of the Issue clause "Mode of Payment" as stated below, as applicable, only at the sole or First Applicant's sole risk within 42 days of closure of the Rights Issue, and adequate funds for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the issuer.

In case of those shareholders who have opted to receive their Right Entitlement Shares in dematerialized form by electronic credit under the depository system, an advice regarding the credit of the Equity Shares shall be given separately.

Allotment of Equity Shares to non-residents and the issue of letters of allotment/share certificates to nonresidents shall be subject to the approval received from RBI.

For Non-Resident Applicants, refunds, if any, will be made as under:

- ☞ Where applications are accompanied by Indian Rupee Drafts purchased abroad and payable at Chennai, India, refunds will be made in convertible foreign exchange equivalent to Indian Rupees to be refunded. Indian Rupees will be converted into foreign exchange at the rate of exchange, which is prevailing on the date of refund. The exchange rate risk on such refunds shall be borne by the concerned applicant and the Company shall not bear any part of the risk.
- ☞ Where the applications made are accompanied by NRE/FCNR/NRO cheques, refunds will be credited to NRE/FCNR/NRO accounts respectively, on which such cheques are drawn and details of which are provided in the CAF.



MODE OF PAYMENT OF REFUND

Applicants should note that on the basis of name of the Applicant, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository the applicants bank account details including nine digit MICR code. Hence, Applicants are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to applicants at the his/her sole risk and neither the Lead Manager to the Issue nor the Bank shall have any responsibility and undertake any liability for the same.

The payment of refund, if any, would be done through various modes in the following order of preference:

- I **ECS** - Payment of refund shall be undertaken through ECS for applicants having an account at any of the following 68 centers: Ahmedabad, Bangalore, Bhubaneswar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna, Thiruvananthapuram (managed by RBI); Baroda, Dehradun, Nashik, Panaji, Surat, Trichy, Trichur, Jodhpur, Gwalior, Jabalpur, Raipur, Calicut, Siliguri (Non-MICR), Pondicherry, Hubli, Shimla (Non-MICR), Tirupur, Burdwan (Non-MICR), Durgapur (Non-MICR), Sholapur, Ranchi, Tirupati (Non-MICR), Dhanbad (Non-MICR), Nellore (Non-MICR) and Kakinada (Non-MICR) (managed by State Bank of India); Agra, Allahabad, Jalandhar, Lucknow, Ludhiana, Varanasi, Kolhapur, Aurangabad, Mysore, Erode, Udaipur, Gorakhpur and Jammu (managed by Punjab National Bank); Indore (managed by State Bank of Indore); Pune, Salem and Jamshedpur (managed by Union Bank of India); Visakhapatnam (managed by Andhra Bank); Mangalore (managed by Corporation Bank); Coimbatore and Rajkot (managed by Bank of Baroda); Kochi/Ernakulum (managed by State Bank of Travancore); Bhopal (managed by Central Bank of India); Madurai (managed by Canara Bank); Amritsar (managed by Oriental Bank of Commerce); Haldia (Non-MICR) (managed by United Bank of India); Vijaywada (managed by State Bank of Hyderabad); and Bhilwara (managed by State Bank of Bikaner and Jaipur). This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. One of the methods for payment of refund is through ECS for applicants having a bank account at any of the abovementioned 68 centers.
- II **Direct Credit** - Applicants having bank accounts with the Refund Banker(s), shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Bank.
- III **RTGS** - Applicants having a bank account at any of the above mentioned fifteen centers and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Bank. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
- IV **NEFT (National Electronic Fund Transfer)** - Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Whenever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency.



- V For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched "Under Certificate of Posting" for value upto Rs. 1,500 and through Speed Post/Registered Post for refund orders of Rs. 1500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where applications are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the applicants.

INTEREST IN CASE OF DELAY IN ALLOTMENT / DESPATCH

The Company will issue and dispatch letters of allotment/ share certificates and/ or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any within a period of six weeks from the date of closure of the Issue. If such money is not repaid within 8 days from the day the Company becomes liable to pay it, the Company shall pay that money with interest at the rate of 15% per annum as stipulated under Section 73 of the Act.

UNDERTAKING

The Company undertakes that:

- i) that the complaints received in respect of the Issue shall be attended to by the issuer company expeditiously and satisfactorily.
- ii) that all steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the securities are to be listed are taken within seven working days of finalization of basis of allotment.
- iii) that funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the issue by the issuer.
- iv) where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 42 days of closure of the issue, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- v) that the promoter's contribution in full, wherever required shall be brought in advance before the issue opens for public subscription and the balance, if any, shall be brought in pro rata basis before the calls are made in public.
- vi) that the certificates of the securities/ refund orders to the non-resident Indians shall be despatched within specified time.
- vii) that no further issue of securities shall be made till the securities offered through this Letter of Offer are listed or till the application moneys are refunded on account of non-listing, undersubscription, etc.

The Issuer and Lead Manager shall update the Letter of Offer and keep the investors informed of any material changes till the listing and trading commences.

UTILISATION OF ISSUE PROCEEDS

The Board of Directors declares that:

- (i) all monies received out of issue of shares or debentures to public shall be transferred to separate bank account other than the bank account referred to in sub-section (3) of section 73 of the Companies Act, 1956;
- (ii) details of all monies utilized out of the issue referred to in sub-item(i) shall be disclosed under an appropriate separate head in the balance sheet of the issuer company indicating the purpose for which such monies had been utilized; and
- (iii) details of all unutilized monies out of the issue of shares or debentures, if any, referred to in sub-item (i) shall be disclosed under an appropriate separate head in the balance sheet of the issuer company indicating the form in which such monies have been invested.



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- (iv) the utilization of monies received under promoters' contribution and from firm allotments and reservations shall be disclosed under an appropriate head in the balance sheet of the issuer company, indicating the purpose for which such monies have been utilized.
- (v) the details of all monies out of the funds received under promoters' contribution and from firm allotments and reservations shall be disclosed under a separate head in the balance sheet of the issuer company, indicating the form in which such monies have been invested.



SECTION VIII - MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

LIEN		
Company's lien on shares.	Article 20	The Company shall have a first and paramount lien upon all the shares (including fully paid shares) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for his debts, liabilities and engagements solely or jointly with any other person due to or made with the Company whether the period for the payment, fulfilment or discharge thereof shall have actually arrived at or not and such lien shall extend to all dividends from time to time declared or accrued in respect of such shares. The Directors may however at any time declare any shares to be wholly or partly exempt from the provisions of this Article.
As to enforcing lien by sale	Article 21	For the purpose of enforcing such lien, the Board of Directors may sell the shares subject thereto in such manner as they think fit, but no sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member, or the person, if any entitled by transactions to the shares, and default shall have been made by him or them in the payment of such moneys called or payable at a fixed time, for seven days after such notice.
Authority to Transfer.	Article 22	To give effect to such sale, the Board of Directors may authorise some person to transfer the shares sold to the purchaser thereof and the purchaser shall be registered as the holder of the shares comprised in any such transfer. The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in the reference to the sale.
Application of proceeds of sale.	Article 23	(1) The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable. (2) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.
Application of any money due to a shareholder.	Article 24	Any money due from the Company to a shareholder, may without the consent of such shareholder be applied by the Company in or towards payment of any money due from him, either alone or jointly with any other person to the Company in respect of calls or otherwise.
TRANSFER AND TRANSMISSION OF SHARE		
Board's right to refuse registration of transfer.	Article 31	The Directors may, at their absolute discretion decline to recognise any transfer of shares or register the same and shall not be bound to assign any reasons for their refusal.
	Article 32	(i) The instrument of transfer of any shares in the Company shall be executed both by the transferor and the transferee and the



		<p>transferor shall be deemed to remain holder of the shares until the name of the transferee is entered in the Register in respect thereof. The instrument of transfer shall be in respect of only one class of shares and should be in the form prescribed under Section 68 of the Act.</p> <p>(iii) The Directors shall not accept application for transfer of less than 10 (Ten) shares of the Company, provided however, the said prohibition shall not apply to :</p> <p>(a) The transfer of shares made in pursuance of a statutory provision or an order of a Court of Law :</p> <p>(b) The transfer of the entire shares by an existing share holder of the Company holding less than 10 (Ten) shares by a single transfer to single or joint names :</p> <p>(c) The transfer of more than 10 (Ten) shares in the aggregate in favour of the same transferee under two or more transfer deeds out of which one or more relate/s to the transfer of less than 10 (Ten) shares.</p>
	Article 33	<p>An application for the registration of the transfer of any share or shares may be made either by the transferor or the transferee, provided that where such application is made by the transferor, no registration shall, in the case of partly paid shares, be effected unless, the Company gives notice of the application to the transferee. The Company shall, unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register the name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.</p>
	Article 34	<p>(i) For the purpose of Article 33, notice to the transferee shall be deemed to have been duly given if despatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been delivered at the time at which it would have been delivered in the ordinary course of post.</p> <p>(ii) Nothing in clause (1) shall prejudice any power of the Board to register as a shareholder any person to whom the right to any share has been transmitted by operation of law.</p> <p>(iii) Nothing in this Article shall prejudice the power of the Board to refuse to register the transfer of any shares to a transferee, whether a member or not.</p>
	Article 35	<p>The shares in the Company shall be transferred by an instrument in writing in the prescribed form, duly stamped, and in the manner provided under the provisions of Section 108 of the Act and any modification thereof, and the rules prescribed thereunder.</p>
	Article 36	<p>(i) Subject to the provisions of Section 111 of the Act, the Board may at any time in their absolute discretion and without assigning</p>



		<p>any reason decline to register any transfer of or transmission by operation of law of the right to a share, whether fully paid-up or not, and whether the transferee is a member of the company or not, and may also decline to register any transfer of shares on which the Company has a lien. Provided further that the registration of transfer shall not be refused on the ground of the transfer or being alone, or either jointly with any other person or persons indebted to the Company on any account except a lien on the shares.</p> <p>(ii) If the Board refuses to register any transfer or transmission of right, they shall within 2 months from the date on which the instrument of transfer or the intimation of such transmission was delivered to the Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be.</p> <p>(iii) In case of such refusal by the Board, the decision of the Board shall be subject to the right of appeal conferred by Section 111</p> <p>(iv) The provisions of this Article shall apply to transfer of stock. also.</p>
	Article 37	<p>The Board of Directors may also decline to recognise any instrument of transfer unless.</p> <p>(a) the instrument of transfer is accompanied by the certificate of shares to which it relates and such other evidence as the Board of Directors may reasonably require to show the right of the transfer to make the transfer; and</p> <p>(b) the instrument of transfer is in respect of only one class of shares.</p>
	Article 38	<p>(i) In respect of any transfer of shares registered in accordance with the provisions of these Articles, the Board may, at its discretion, direct an endorsement of transfer and the name of the transferee and other particulars on the existing share certificate and authorise any Director or Officer of the Company to authenticate such endorsement on behalf of the company, or direct the issue of a fresh share certificate in lieu of and in cancellation of the existing certificate in the name of the transferee, and unless otherwise directed by the Board, all such endorsements may be made by the Managing Director of the Company, if any.</p> <p>(ii) In case any transferee of a share shall apply for a new certificate in lieu of the old or existing certificate, he shall be entitled to receive a new certificate in respect of which the said transfer has been applied for and upon his delivering up to be cancelled every old or existing certificate which is to be replaced by a new one.</p>
	Article 39	<p>Notwithstanding any other provisions to the contrary in these presents, no fee shall be charged for any of the following viz :</p> <p>(a) for registration of transfers of shares and debentures or for</p>



		<p>transmission of shares and debentures;</p> <p>(b) for sub-division and consolidation of shares and debentures certificates and for sub-division of letters of allotment and split, consolidation, renewal and pucca transfer receipts into denominations corresponding to the market units of trading ;</p> <p>(c) for sub-division of renounceable letters of Right;</p> <p>(d) for issue of certificates in replacement of those which are old, decrepit or worn out, or where the cages on the reverse for recording transfers have been fully utilised.</p> <p>(e) for registration of any power of attorney, probate, letters of administration or similar other documents.</p>
	Article 40	The Company shall keep a book to be called the Register of Members; and herein shall be entered the particulars of every transfer or transmission of any shares and all other particulars of shares required by the Act to be entered in such Register.
	Article 41	The instrument of transfer shall after registration remain in the custody of the Company. The Board may cause to be destroyed all transfer deeds lying with the Company for a period of six years or more.
	Article 42	The Board may after giving not less than seven days' previous notice by advertisement in some newspaper circulating in the district in which the Registered Office of the Company is situate, close the Register of Members or the Register of Debenture holders for any period or periods not exceeding in the aggregate 45 days in each year, but not exceeding 30 days at any one time.
	Article 43	<p>The executors or administrators of a deceased member (not being one of several joint holders) shall be the only persons recognised by the Company as having any title to the shares registered in the name of such member and in the case of death of any one or more of the joint holders of any registered shares the survivor or the survivors shall be the only persons recognised by the Company as having any title to or interest in such shares. Provided that if the member should have been a member of the joint Hindu family, the Board, on being satisfied to that effect and on being satisfied that the shares standing in his name in fact belonged to the joint family, may recognise the survivors of the Karta thereof as having title to</p> <p>the shares registered in the name of such member, provided further in any case it shall be lawful for the Board In its absolute discretion to</p> <p>dispence with the production of probate or letters of administration or other legal representation upon such terms as to indemnity or otherwise as the Board may deem just.</p>
	Article 44	Nothing in Article 43 shall release the estate of deceased joint holder from any liability in respect of any shares which were jointly held by him with other persons.



	Article 45	<p>(i) any person becoming entitled to a share in consequence of death or insolvency of a member may, upon such evidence being produced as may from time to time be required by the Board and subject as hereinafter provided, elect either :</p> <p>(a) to be registered himself as a holder of the share ; or</p> <p>(b) to make such transfer of the share as the deceased or insolvent member could have made.</p> <p>(ii) The Board shall, in either case, have the same right to decline or suspend registration as they would have had if the deceased or insolvent member had transferred the share before his death or insolvency.</p>
	Article 46	<p>(i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing by him stating that he so elects.</p> <p>(ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the shares.</p> <p>(iii) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.</p> <p>(iv) A person becoming entitled to a share by reason of the death or insolvency, the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the shares, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company: Provided that the Board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share until the requirements of the notice have been complied with.</p>
	Article 47	<p>The Company shall incur no liability or responsibility whatever in consequence of their registering or giving effect to any transfer of share made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register) to the prejudice of persons having or claiming any equitable right, title or interest to or in the same shares not with standing that the Company may have had notice of such right or referred thereto in any books of the Company and the Company shall not be bound by or required to regard or attend to or give effect to any notice which may be given to it by any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in the books of the Company; but the Company shall nevertheless be at liberty to have</p>



		regard and attend to any such notice and give effect thereto, if the Board shall think fit.
FORFEITURE OF SHARES		
If call or instalment not paid, notice may be given	Article 48	If a member fails to pay any call or instalment of a call on the day appointed for the payment thereof, the Board of Directors may at any time thereafter during such time as any part such a call or instalment remains unpaid serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest, which may have accrued. The Board of Directors may accept in the name and for the benefit of the Company and upon such terms and conditions as may be agreed the surrender of any share liable to forfeiture and so far as the law permits of any other shares.
Form of notice of forfeiture.	Article 49	The notice shall name a further day (not earlier than the expiration of fourteen days from the date of service of the notice) for on or before which the payment required by the notice is to be made, and shall state that, in the event of non-payment on or before the day named, the shares in respect of which the call was made will be liable to be forfeited.
Board's right to forfeit if requirements of notice are not complied with.	Article 50	If the requirements of any such notice as aforementioned are not complied with, any share in respect of which the notice has been given may at any time thereafter before the payment required by the notice has been made, be forfeited by a Resolution of the Board of Directors to that effect, such forfeiture shall include all dividends declared in respect of the forfeited shares, and not actually paid before the forfeiture.
Sale of forfeited shares.	Article 51	A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the board of Directors may think fit, and at any time before a sale or disposition, the forfeiture may be cancelled on such terms as the Board of Directors may think fit.
Liability after forfeiture	Article 52	A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall notwithstanding remain liable to pay and shall forthwith pay the Company all moneys which at the date of forfeiture were presently payable by him to the Company in respect of the shares, but his liability shall cease if and when the Company received payment in full of the nominal amount of shares whether legal proceedings for the recovery of the same had been barred by limitation or not.
Declaration of forfeiture	Article 53	A declaration in writing that the declarant is a Director of the Company and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and that declaration and the receipt of the Company for the consideration, if any given for the shares on



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		the sale or disposition thereof, shall constitute a good title to the share, and the person to whom the share is sold or disposed of shall be registered as the holder of the share and shall not be bound to see to the application of the purchase money (if any) no shall his title to the share be affected by way of irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
Non-payment of sums payable at fixed times.	Article 54	The provisions of these Regulations as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a share, become payable at a fixed time, whether on account of the amount, of the share or by way of premium or otherwise as if the same had been payable by virtue of a call duly made and notified.
Remission of forfeiture.	Article 55	The Directors may in their discretion remit or annual, the forfeiture of any shares within six months from the date thereof upon the payment of all moneys due to the Company from the late holder, or, holders of such share or shares, and all expenses, incurred in relation to such forfeiture, together with such further sum of money by way of redemption money for the deficit, as they shall think fit, not being less than five per cent on the amount of the sums wherein default in payment has been made, but no share bona fide sold or reallocated, or otherwise disposed of under these articles here of shall be redeemable after sale or disposal.
COMMON SEAL		
Common seal.	Article 134	The Board shall provide a common seal for the company and they shall have power from time to time to destroy the same and substitute a new seal in lieu thereof and the common seal shall be kept at the registered office of the Company and committed to the custody of the Managing Director.
Seal how affixed.	Article 135	The seal shall not be affixed to any instrument except by authority of a resolution of the Board or of committee and unless the Board otherwise determines every deed or other instrument to which the seal is required to be affixed shall, unless the same is executed by a duly constituted attorney for the Company be signed by one Director at least in whose presence the seal shall have been affixed and countersigned by a Managing Director, Secretary or such other person as may from time to time be authorised by the Managing Director or by the Board provided nevertheless that any instrument bearing the seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority to issue the same; provided also that the countersignature of the Managing Director, Secretary or other authorised person shall not be necessary in the case of instruments executed in favour of the Managing Director, which shall be sealed in the presence of any one Director and signed by him on behalf of the Company.



DIVIDEND AND RESERVE		
Right to declare dividend.	Article 136	<p>(1) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid.</p> <p>(2) Any shares may be issued on the terms that dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividends as from a particular date such share shall rank for dividend accordingly.</p>
Advance calls carrying interest not entitled to dividend.	Article 137	Where capital is paid up on any share in advance of calls, upon the footing that the same shall carry interest, such capital shall not, whilst, carrying interest confer a right to participate in profits.
Declaration of dividends.	Article 138	The Company in General Meeting may declare dividends but no dividend shall exceed the amount recommended by the Board.
Interim dividends.	Article 139	The Board may from time to time pay to the members such interim dividend as appear to it to be justified by the profits of the Company.
Dividends to be paid out of profits only.	Article 140	No dividend shall be payable except out of the profits of the year or any other undistributed profits except as provided by Sections, 205 and 208 of the Act.
Reserve funds.	Article 141.	<p>(1) The Board may before recommending any dividends set aside out of the profits of the Company such sums as it thinks proper as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provisions for meeting contingencies or for equalising dividends or for purpose of Article 104 (b) and pending such application may, at the like discretion either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time think fit.</p> <p>(2) The Board may also carry forward any profits when it may think prudent not to divide, without setting them aside as Reserve.</p>
Deduction for arrears.	Article 142	The Board may deduct from any dividend payable to any members all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.
Adjustment of dividends against calls.	Article 143	Any General Meeting declaring a dividend or bonus may make a call on the members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend



		payable to him and so that the call be made payable at the same time as the dividend and the dividend may if so arranged between the Company and themselves be set off against the call.
Bonus or dividend.	Article 144	<p>(1) Any General Meeting declaring a dividend or bonus may direct payment of such dividend or bonus wholly or partly by the distribution of specific assets and the Board shall give effect to the resolution of the meeting.</p> <p>(2) Where any difficulty arises in regard to such distribution, the Board may settle the same as it thinks expedient, and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees, as may seem expedient to the Board.</p>
Payment by cheque or warrant	Article 145	<p>(1) Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through post direct to the registered address of the holder or in the case of joint holders to the registered address of that one of the joint holders who is first named on the register of members or to such person and to such address as the holder or joint holders may in writing direct.</p> <p>(2). Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.</p>
Receipt of joint holders.	Article 146	Any one of two or more joint holders of a share may give effectual receipts for any dividends, bonuses or other moneys payable in respect of such shares.
Dividends not to bear interest.	Article 148	No dividend shall bear interest against the Company.
Unclaimed dividends.	Article 149	All dividends remaining unclaimed for one year after having been declared and sent by post or otherwise as required by Section 207 of the Act may be made use of by the Directors for the benefit -of the Company, and all dividends unclaimed for six years after having been declared may be forfeited by the Directors for the benefit of the Company.
Transfer of shares not to pass prior dividends.	Article 150	Any transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.
CAPITALISATION OF PROFITS		
Capitalisation of profits.	Article 151	<p>(1) The Company, in General Meeting, may on recommendation of the Board resolve:</p> <p>(a) That it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss accounts or otherwise available for distribution; and</p>



		<p>(b) That such sum be accordingly set free for distribution in the manner specified in sub-clause (2) amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportion.</p> <p>(2) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provisions contained in sub-clause (3) either in or towards;</p> <p>(i) Paying up any amounts for the time being unpaid on shares held by such members respectively.</p> <p>(ii) Paying up in full, unissued shares or debentures of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid ; or</p> <p>(iii) Partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii).</p> <p>3) A share premium account and a capital redemption reserve fund may, for the purpose of this regulation only be applied in the paying up of issued shares to be issued to members of the Company as fully paid bonus shares.</p> <p>4) The Board shall give effect to the resolutions passed by the Company in pursuance of this regulation.</p>
Powers of Directors for declaration of bonus.	Article 152	<p>(1) Whenever such a resolution as aforesaid, shall have been passed the Board shall:</p> <p>(a) make all appropriations and applications of the undivided profits resolved to be capitalised there by and all allotments and issues of fully paid shares or debentures if any, and</p> <p>(b) generally do all acts and things required to give effect thereto.</p> <p>(2) The Board shall have full power:</p> <p>(a) to make such provision, by the issue of fractional certificates or by payments in cash or otherwise as it thinks fit, for the case of shares or debentures becoming distributable in fraction; and also</p> <p>(b) to authorise any person to enter on behalf of all the members entitled thereto into an agreement with the Company providing for the allotment to them respectively credited as fully paid up of any further shares or debentures to which they may be entitled upon such capitalisation or (as the case may require) for the payment of by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalised of the amounts or any part of the amounts remaining unpaid on the shares.</p> <p>(3) Any agreement made under such authority shall be effective and binding on all such members.</p>
WINDING UP		
Winding up.	Article 179	<p>If the Company shall be wound up and the asset available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital or capital deemed to be paid-up such assets shall be distributed so that as nearly as may be the losses shall be borne by the members in proportion to the capital paid up or deemed to be paid up at the commencement of the winding up, on the shares held by them respectively; and if in</p>



		a winding up, the assets available for distribution amongst the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up the excess shall be distributed amongst the members in proportion to the capital paid up or deemed to be paid up at the commencement of the winding up on the shares held by them respectively. Where capital is paid up on any shares in advance of calls upon the footing that the same shall carry interest such capital shall be exclude and shall be repayable in full before any distribution is made on the paid-up capital or capital deemed to be paid together with interest at the rate agreed upon, the provisions of this Article shall be subject to any special right or liabilities attached to any special class of shares forming part of the capital of the Company.
Division of Assets among contributories	Article 180	If the Company shall be wound up whether voluntarily or otherwise, the liquidators may with the sanction of a special resolution, divide among the contributories, in specie or kind, any part of the assets of the Company, and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them, as the liquidators with the like sanction shall think fit. In case any shares to be divided as aforesaid involve a liability to calls or otherwise any person entitled under such division to any of the said shares may within ten days after the passing of the Special resolution, by notice in writing direct the liquidators to sell his proportion and pay him the net proceeds, and the liquidators shall, if practicable, act accordingly.
Division of assets of the Company in specie among members.	Article 181	The liquidators may with the sanction of a special resolution divide amongst the members in specie the whole or any part of the assets of the Company.
INDEMNITY AND RESPONSIBILITY		
Directors' and others' right to indemnity.	Article 182	<p>(a) Subject to the provisions of Section 201 of the Act the Managing Director and every Director, Manager, Secretary and other Officer or Employee of the Company shall be indemnified by the Company against, and it shall be the duty of Directors out of the funds of the Company to pay, all costs and losses and expenses (including travelling expenses) which any such Director, Officer or Employee may incur or become liable to by reason of any contract entered into or act or deed done by him as such Managing Director, Director, Officer or Employee or in any way in the discharge of his duties.</p> <p>(b) Subject as aforesaid the Managing Director and every Director, Manager, Secretary, or other Officer or employee of the Company shall be indemnified against any liability incurred by them or him in defending any proceedings whether civil or criminal in which judgement is given in their or his favour or in which he is acquitted or discharged or in connection with any application under Section 633 of the Act in which relief is given to him by the Court.</p>



Coromandel Engineering Company Limited

Not responsible for acts of others	Article 183	Subject to the provisions of Section 201 of the Act no Director or other Officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or Officer, or for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency, or tortious act of any person, Company or Corporation, with whom any moneys, securities or effects shall be entrusted or deposition or for any loss occasioned by any error of judgement or oversight on his part, or for any other loss or damage or misfortune what-ever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happen through his own dishonesty.
SECURITY CLAUSE		
Secrecy	Article 184	No member shall be entitled to inspect the company's office of works without the permission of the Directors or Managing Director, or to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery or trade or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Directors it will be inexpedient in the interest of the members of the Company to communicate to the public.
Duty of officers to observe Secrecy.	Article 185	Every Director, Managing Director, Manager, Secretary, Auditor, Trustee, Members of a Committee Officer, Servant, Agent, Accountant or other person employed in the business of the Company, shall if so required by the Directors before entering upon his duties, or at any time during his term of office, sign a declaration pledging himself to observe strict secrecy respecting all transaction of the Company and the state of Accounts and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of duties except when required so to do by the Directors or any meeting or by a Court of Law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions of these Articles or Law.



SECTION IX - OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS

The Contracts referred to in para (A) below (not being contracts entered into in the ordinary course of the business carried on by the Company or entered into more than two years before the date of this Letter of Offer) which are or may be deemed material, have been entered into by the Company.

The contracts together with the documents referred to in paragraph (B) below, copies of all of which have been attached to the copy of this Letter of Offer may be inspected at the Registered Office of the Company between 11.00 a.m. - 4.00 p.m. on any working day from the date of this Letter of Offer until the closing of the subscription list.

A. MATERIAL CONTRACTS

1. Copy of Memorandum of Understanding dated 28/02/2008 between CECL and Keynote Corporate Services Limited, Lead Manager to the Issue.
2. Copy of Memorandum of Understanding dated 20/03/2008 between CECL and Karvy Computershare Private Ltd., Registrar to the Issue.
3. Copy of tripartite agreement dated 23/04/2008 between CECL, National Securities Depository Limited (NSDL) and Karvy Computershare Private Ltd.
4. Copy of tripartite agreement dated 05/05/2008 between CECL, Central Depository Services (India) Limited (CDSL) and Karvy Computershare Private Ltd.

B. DOCUMENTS FOR INSPECTION

1. Copy of Memorandum of Articles and Articles of Association of CECL.
2. Copies of Annual report of CECL for the year ended, 31/03/2004, 31/03/2005, 31/03/2006, 31/03/2007 and 31/03/2008.
3. Copy of the Board resolution dated 26/02/2008 recommending the rights issue of the company & Copy of Special Resolution under section 81, and other relevant provisions of Companies Act, 1956 dated 04/04/2008 passed through the Postal ballot, authorizing present issue of equity shares.
4. Copy of certificate dated 06/08/2008 issued by M/s. Sundaram & Srinivasan, Chartered Accountants & Statutory Auditors of the Company reporting financials of the company in terms of Part II Schedule II of the Companies Act, 1956.
5. Copy of letter dated 31/03/2008 received from M/s Sundaram & Srinivasan, Chartered Accountant, regarding tax benefits accruing to the company and its shareholders.
6. Copy of Letter of Offer dated 14/06/1989 in respect of the Rights Issues made by CECL
7. Copy of Order dated 09/03/2007 from High Court of Jurisdiction at Madras, regarding the amalgamation of Coromandel Holdings and Minerals Limited and Coromandel Engineering Company Limited.
8. Copies of undertakings from CECL.



9. Copies of Consents from the Directors of the Company, Auditors of the Company, Registrar to the Issue, Lead Manger to the Issue and Banker to the Company.
10. Due diligence certificate dated 07/05/2008 to SEBI from Keynote Corporate Services Limited;
11. Copy of in-principle approval received from MSE vide letter no. MSE/SEC/738/211/08 dated May 09, 2008.
12. Copy of SEBI observation letter no. SRO/PMD/IMID/EIF/2008/1/3605 dated July 23, 2008 and reply of Keynote Corporate Services Limited to SEBI vide letter dated 07/08/2008.



PART III

DECLARATION

No statement made in this Letter of Offer shall contravene any of the provisions of the Companies Act, 1956 and the rules made there under. All the legal requirements connected with the said issue as also the guidelines, instructions etc. issued by SEBI, Government and any other competent authority in this behalf have been duly complied with. We further certify that all the disclosures made in the Letter of Offer are true and correct.

Yours Faithfully
By the order of Board of Directors
Coromandel Engineering Company Limited

Sd/-
Mr. M.A.M. Arunachalam
Director

Sd/-
Mr. K.T.Kumar
Director

Sd/-
Mr. S. S. Rajasekar
Director

Sd/-
Mr. J Srinivasan
Director

Sd/-
Mr. V. Venkiteswaran
Director

Place: Chennai
Date: 11/08/2008