

**BOARD OF DIRECTORS :**

NAME OF THE DIRECTORS	DIN NUMBER	DESIGNATION
Sri Maddi Lakshmaiah	00013387	Chairman
Sri Maddi Ramesh	00013394	Managing Director
Sri Vadlamani Venkata Subramanya Ravi	00495102	Independent Director
Sri Maddi Venkateswara Rao	00013393	Director
Smt Rallabandi Lakshmi Sarada	07140433	Independent Director
Sri Lakkaraju Shyam Prasad	07151102	Independent Director

CHIEF FINANCIAL OFFICER : CA. Kothuri Satyanarayana

BANKERS : Canara Bank  
Chirala – 523 155

AUDITORS : M/s. A. Ramachandra Rao & Co.,  
Chartered Accountants,  
3-6-369/A/11, 1<sup>st</sup> Floor,  
Street No.1, Himayathnagar,  
Hyderabad – 500 029

M/s. Jithendra Kumar & Co.,  
Cost Accountants,  
# 389, Iron yard,  
Opp Reliance Fresh, HB Colony,  
Vijayawada-520012.

M/s. K.SrinivasaRao & Co.,  
Company Secretaries  
D.No.6-13-14A, 13/3,  
Arundelpet,  
Guntur-522002.

REGISTERED OFFICE : 12-B, Skylark Apartments,  
Basheer Bagh,  
Hyderabad – 500 029

FACTORY ADDRESS : Jandrapet-523 165  
Chirala,  
Prakasam District  
Andhra Pradesh.



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**NOTICE TO SHAREHOLDERS**

**NOTICE** is hereby given that the Fortieth Annual General Meeting of the members of M/s. **Coromandel Agro Products and Oils Limited** will be held on Wednesday, 10<sup>th</sup> August, 2016 at 10.30 A.M. at the Registered Office of the Company at 12-B, Skylark Apartments, Basheerbagh, Hyderabad - 500029 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Statement of Profit and Loss for the year ended March 31, 2016 and the Balance Sheet as on that date together with the reports of the Board of Directors and the Auditors thereon.
2. To declare Dividend on Equity Shares for the year ended March 31, 2016
3. To appoint a Director in place of Mr. Maddi Lakshmaiah (DIN- 00013387) who retires by rotation under Article 122 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Maddi Venkateswara Rao (DIN- 00013393) who retires by rotation under Article 122 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
5. To ratify the appointment of M/s. A. Ramachandra Rao & Co, Chartered Accountants (Firm Registration No. 002857S), as statutory auditors of the company and to fix their remuneration for the financial year ending March 31, 2017.

**SPECIAL BUSINESS:**

6. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution: - (The Cost Auditors' Remuneration)

“RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, the remuneration payable to M/s. Jithendra Kumar & Co, Cost Accountants (Firm Registration No. 103347), Vijayawada, appointed by the Board of Directors as Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31<sup>st</sup> March, 2017, amounting to ₹ 20,000/- (Rupees Twenty Thousands only) as also the payment of service tax as applicable and re-imbursement of out of pocket expenses incurred in connection with the aforesaid audit, be and is hereby ratified and confirmed.”

By Order of the Board of Directors

**Place : CHILAKALURIPET**  
**Date : May 25, 2016**

**Sd/-**  
**(Maddi Lakshmaiah)**  
**Chairman**  
**(DIN:00013387)**



**NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, and vote on a poll, instead of himself / herself and such proxy need not be Member. The proxy form is enclosed which should be deposited at the Registered Office of the Company duly completed and signed, not less than 48 hours before the commencement of the Meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 03<sup>rd</sup> August, 2016 to 10<sup>th</sup> August, 2016 (both days inclusive).
3. The accounts, the reports and all other documents required under the law to be annexed thereto will be available for inspection during working hours at the Registered Office of the Company on any working day prior to the date of the Annual General Meeting.
4. Members desiring to seek any information on the Annual Accounts to be explained at the meeting are requested to send their queries in writing to the Company at the Registered Office of the Company so as to reach at least 7 days before the date of the meeting to provide the required information.
5. Members holding shares in physical form are requested to notify/send the following to the Company's Registrar and Transfer Agent at: Bigshare Services Private Limited, 306, 3rd Floor, Right Wing, Amrutha Ville, Opp. Yashodha Hospital, Raj Bhavan Road, Somajiguda, Hyderabad – 500082 at the earliest not later than 02<sup>th</sup> August, 2016.  
-Any change in their address/mandate/Bank details; and  
-Particular of their Bank Account, in case the same has not been sent earlier.
6. SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. In view thereof, members who have not furnished PAN are requested to furnish to the Registrar and Transfer Agents and also to Company Registered office.
7. Shareholders should note that as per statutory provisions, if the dividend amount remains unpaid/unclaimed for a period of 7 years from the due date, the said unpaid/unclaimed amount will be transferred to Investor Education & Protection Fund (IEPF) set up by Central Government. Shareholders who have not received / claimed the said dividend are requested to claim the same before due date. Members who have not encashed their dividend warrants are requested to write to the Registrars & Share Transfer Agents.
8. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Business to be transacted at the Annual General Meeting is annexed herewith.
9. In compliance with the provisions of Section 108 of the Companies Act, 2013 and the Rules framed thereunder and the regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by CDSL, on all the resolutions set forth in the Notice. In order to enable its Members, who do not have the access to e-voting facility to send their assent or dissent in writing in respect of the resolutions as set out in this Notice, the Company is enclosing a Ballot Form with the Notice. Instructions for Ballot Form are given at the back side of the Ballot form and instructions for e-voting are given at Page nos.57,58,59. Resolution(s) passed by Members through Ballot Forms or e-voting is / are deemed to have been passed as if they have been passed at the AGM.



10. Mr. K. Srinivasa Rao, Partner of M/s. K. Srinivasa Rao & Co., Practicing Company Secretaries (Membership No. FCS. 5599), has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process (including the Ballot Form received from the Members who do not have access to the e-voting process) in a fair and transparent manner. In case a Member is desirous of obtaining a duplicate Ballot Form, he may send an e-mail to ksn@mlgroup.com by mentioning their Folio / DP ID and Client ID No. However, the duly completed Ballot Form should reach the Scrutinizer, Mr. K. Srinivasa Rao, Partner of M/s. K. Srinivasa Rao & Co, C/o CAPOL, 12B Skylark Apartments, Basheerbagh, Hyderabad – 500 029, not later than Tuesday, August 09, 2016 (5:00 p.m. IST). Ballot Form received after this date will be treated as invalid.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013**

**Item No. 6:**

The Board of Directors of the Company, on the recommendation of the Audit Committee, approved the appointment and remuneration of M/s. Jithendra Kumar & Co, Cost Accountants (Firm Registration No. 103347), Vijayawada, to conduct audit of cost records of the Company for the financial year ending 31<sup>st</sup> March, 2017. In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a)(ii) of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is required to be ratified by the Members of the Company. Accordingly, consent of the Members is sought to ratify the remuneration payable to the Cost Auditors.

None of the Directors or Key Managerial Personnel and their relatives, are concerned or interested (financially or otherwise) in this Resolution.

The Board commends the Ordinary Resolution as set out at Item no. 6 for the approval of Members

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested in the Resolutions except to the extent of their shareholding in the Company, if any.

Your Directors, therefore, commend the resolutions for your approval

By Order of the Board of Directors

**Place : CHILAKALURIPET**  
**Date : May 25, 2016**

**Sd/-**  
**(Maddi Lakshmaiah)**  
**Chairman**  
**(DIN:00013387)**



## **DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2016**

*Dear Shareholders,*

Your Directors have pleasure in presenting the 40<sup>th</sup> Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31st March 2016.

### **FINANCIAL RESULTS**

Summary of Financial performance of the Company for the Financial Year 2015-16 is depicted below:

Particulars	Year Ended 31-03-2016 ₹	Year Ended 31-03-2015 ₹
Revenue from operations	1,41,17,79,157	1,31,34,78,932
Other income	85,23,274	74,93,877
Operating Expenditure	1,38,47,36,576	1,28,77,47,236
Profit before Interest, Depreciation & Tax	3,55,65,855	3,32,25,573
Depreciation	91,17,199	93,28,319
Interest	1,84,52,221	2,37,01,682
Profit before tax	79,96,435	1,95,572
Provision for income tax		
i) Current year Tax	(42,00,000)	-
ii) Deferred Tax	17,90,893	12,47,379
Profit after tax	55,87,328	14,42,951
Profit/ (Loss) Brought forward from previous years	8,60,96,919	8,46,53,968
Profit/ (Loss) Carry forward to Balance Sheet	9,04,95,712	8,60,96,919
Earnings per share (Basic/ Diluted)	7.07	1.83

### **STATE OF AFFAIRS OF THE COMPANY AND FUTURE OUTLOOK:**

The Company passed through a critical phase during the year under review in view of recession in the global economy, which resulted to prevail cotton linters export prices and edible oil prices at low level. Cotton crop severely failed due to draught conditions in the cotton growing area especially in Andhra and Telangana Regions. Failure of crop resulted to fall in processing volumes of cotton seed from 70,438 MT to 64,957 MT during the year under review.

Further, Government of India announced higher Minimum Support Price for Cotton kapas which caused substantial increase in cottonseed prices. Tamilnadu wind power turbine did not generate power as per the estimates because of bad weather conditions during the year under review.

As the weather forecast given by the experts is very positive in cotton growing areas, which may yield better volumes and improve the availability of cottonseed, your Directors are optimistic in utilizing the full production capacities to ensure better working results in the ensuing years.



**EXPORT AND FOREIGN EXCHANGE EARNINGS:**

Your Directors wish to inform that the Company has exported 1,727.875 MT of Cotton Linters worth ₹ 425.78 lakhs during the year under review as against 3,985.480 MT worth ₹ 805.84 lakhs in the previous year. The company has not exported Cottonseed Hulls during the year (exports of Cotton Seed Hulls during the previous year was 1,020.240 M.T. Worth ₹ 103.58 lakhs).

**EXTRACT OF ANNUAL RETURN:**

The details forming part of the extract of the Annual Return in form MGT-9 as required under Section 92 of the Companies Act, 2013 is included in this Report as Annexure - I and forms an integral part of this Report.

**DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

Mr. Maddi Lakshmaiah (DIN- 00013387) and Mr. Maddi Venkateswara Rao (DIN- 00013393), retire by rotation under Article 122 of the Articles of Association of the Company and being eligible, offer themselves for reappointment as Directors. The Board recommends their reappointment.

**NUMBER OF BOARD MEETINGS:**

During the Financial Year 2015-16, Four (4) Meetings of the Board of Directors of the Company were held viz 30<sup>th</sup> May, 2015, 14<sup>th</sup> August, 2015, 13<sup>th</sup> November, 2015, and 10<sup>th</sup> February, 2016, with a gap not exceeding a period of 120 days as prescribed under the Act.

**DIRECTORS RESPONSIBILITY STATEMENT:**

In conformity with the provisions under Section 134 (3) (c) which is introduced by the Companies Act, 2013 your directors confirm that:-

- a) in the preparation of the annual accounts for the year ended March 31, 2016, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b) the Directors have selected sound accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of the profit of the Company for the year ended on that date ;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities
- d) the Directors have prepared the annual accounts on a 'going concern' basis
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.



**STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS:**

During the year under review, one meeting of Independent Directors was held on 10<sup>th</sup> February, 2016 in compliance with the requirements of Schedule IV of the Companies Act, 2013.

All the Independent Directors of the Company have declared that they meet the criteria of Independence in terms of Section 149(6) of the Companies Act, 2013 and that there is no change in status of Independence

**AUDIT COMMITTEE:****(a) BRIEF DESCRIPTION OF TERMS OF REFERENCE:**

The Terms of Reference of this committee cover the matters specified for Audit Committee under Section 177 of the Companies Act, 2013, and as follows:

- a. 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.
- b. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- c. Reviewing with management the annual financial statements before submission to the Board, focussing primarily on:
  - Any changes in accounting policies and practices
  - Major accounting entries based on exercise of judgment by management
  - Qualifications in draft Auditors' Report
  - Significant adjustments arising out of audit
  - The going concern assumption
  - Compliance with stock exchange and legal requirements concerning financial statements
  - Any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of the Company at large.
- d. Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
- e. Reviewing the adequacy of internal audit function, 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.
- f. Discussion with internal auditors of any significant findings and follow up there on.
- g. 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.
- h. Discussion with external auditors, before the audit commences, the nature and scope of audit as well as have post audit discussion to ascertain any area of concern.
- i. Reviewing the Company's financial and risk management policies.
- j. Other matters as assigned/specified by the Board from time to time.

**(b) COMPOSITION, MEETINGS AND ATTENDANCE DURING THE YEAR:**

As on 31<sup>st</sup> March, 2016, The Audit Committee comprises of Three Independent cum Non-Executive Directors. The committee comprises as follows:

Directors	Chairman/ Member	Category
Mr.Vadlamani Venkata Subramanya Ravi	Chairman	I & N.E.D
Mrs. Rallabhandi Lakshmi Sarada	Member	I & N.E.D
Mr. Lakkaraju Shyama Prasad	Member	I & N.E.D



During the year, the Audit Committee was constituted under Section 177 of the Companies Act, 2013 and its meetings were held four times during the year ended March 31, 2016. These were held on 30<sup>th</sup> May, 2015, 13<sup>th</sup> August, 2015, 12<sup>th</sup> November, 2015, and 09<sup>th</sup> February, 2016.

#### **POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION:**

The current policy is to have an appropriate mix of executive and independent directors to maintain the independence of the Board, and separate its functions of governance and management. As on March 31, 2016, the Board consists of six members, three of whom are independent directors. The Board periodically evaluates the need for change in its composition and size.

The policy of the Company on directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Sub-section (3) of section 178 of the Companies Act, 2013, adopted by the Board is recommended by the Nomination and Remuneration Committee. We affirm that the remuneration paid to the directors is as per the terms laid out in the nomination and remuneration policy of the Company.

#### **NOMINATION AND REMUNERATION COMMITTEE:**

##### **(a) TERMS OF REFERENCE :**

The Company had constituted the Nomination and Remuneration Committee under Section 178 of the Companies Act, 2013. The broad terms of reference are to determine and recommend to Board, Compensation payable to Executive Directors, appraisal of the performance of the Managing Directors / Whole-time Directors and to determine and advise the Board for the payment of annual commission/compensation to the Non-Executive Director and to recommend to the Board appointment/ reappointment and removal of Directors. To frame criteria for determining qualifications, positive attributes and Independence of Directors and to create an evaluation framework for Independent Directors and the Board.

##### **(b) COMPOSITION, MEETINGS AND ATTENDANCE DURING THE YEAR :**

The Nomination and Remuneration Committee comprises of total three Non-Executive Directors cum Independent Directors and it meets twice in a year.

The committee comprises as follows:

<b>Directors</b>	<b>Chairman/ Member</b>	<b>Category</b>
Mr.Vadlamani Venkata Subramanya Ravi	Chairman	I & N.E.D
Mrs. Rallabhandi Lakshmi Sarada	Member	I & N.E.D
Mr. Lakkaraju Shyama Prasad	Member	I & N.E.D

The Committee held two meetings during the year ended March 31, 2016. These were held on 13<sup>th</sup> August, 2015 and 09<sup>th</sup> February, 2016.

##### **(c) SELECTION AND EVALUATION OF DIRECTORS:**

The Board has based on recommendations of the Nomination and Remuneration Committee, laid down following policies:

1. Policy for Determining Qualifications, Positive Attributes and Independence of a Director
2. Policy for Board & Independent Directors' Evaluation



**(d) PERFORMANCE EVALUATION OF BOARD, COMMITTEES AND DIRECTORS:**

Based on the criteria laid down in the Policy for evaluation of Board and Independent Directors, the Board carried out the annual performance evaluation of Board Committees and the Independent Directors, whereas at a separate meeting, Independent Directors evaluated the performance of Executive Directors, Board as a whole and of the Chairman. Nomination and Remuneration Committee also evaluated individual directors' performance.

- i) As per the said Policy, evaluation criteria for evaluation Board inter alia covers: Composition in light of business complexities and statutory requirements; establishment of vision, mission, objectives and values for the Company; laying down strategic road map for the Company & annual plans; growth attained by the Company; providing leadership and directions to the Company and employees; effectiveness in ensuring statutory compliances and discharging its duties / responsibilities towards all stakeholders; Identification, monitoring & mitigation of significant corporate risks; composition of various committees, laying down terms of reference and reviewing committee's working etc.
- ii) Performance evaluation criteria for Executive Directors inter alia include: level of skill, knowledge and core competence; performance and achievement vis-à-vis budget and operating plans; effectiveness towards ensuring statutory compliances; discharging duties/responsibilities towards all stakeholders; reviewing/monitoring Executive management performance, adherence to ethical standards of integrity & probity; employment of strategic perception and business acumen in critical matters etc.
- iii) Performance of Independent Directors is evaluated based on: objectivity & constructivity while exercising duties; providing independent judgment on strategy, performance, risk management and Board's deliberations; devotion of sufficient time for informed decision making; exercising duties in bona fide manner; safeguarding interests of all stakeholders, particularly minority shareholders; upholding ethical standards of integrity & probity; updating knowledge of the Company & its external environment etc.,
- iv) Committees of the Board are evaluated for their performance based on: effectiveness in discharging duties and functions conferred; setting up and implementation of various policies, procedures and plans, effective use of Committee's powers as per terms of reference, periodicity of meetings, attendance and participation of committee members; providing strategic guidance to the Board on various matters coming under committee's purview etc.,

**(e) REMUNERATION POLICY FOR DIRECTORS:**

The Committee has formulated Policy for Remuneration of Directors, Key Management Person and other employees. As per the Policy, remuneration to Non-executive Independent Directors include:

- a. Sitting Fees for attending meetings of the Board as well as Committees of the Board as decided by the Board within the limits prescribed under the Companies Act.
- b. Travelling and other expenses they incur for attending to the Company's affairs, including attending Committee and Board Meetings of the Company.

**• REMUNERATION TO EXECUTIVE DIRECTORS:**

The appointment and remuneration of Executive Directors including Managing Director, Joint Managing Director and Whole Time Director is governed by the recommendation of the Remuneration and Nomination Committee, resolutions passed by the Board of Directors and Shareholders of the Company. The remuneration package of Managing Director, Joint Managing Director and Whole Time Director comprises of salary, perquisites, allowances and other retirement benefits as approved by the shareholders at the General Meetings of the Company.