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### **CAUTIONARY STATEMENT**

This communication contains statements relating to future business developments and economic performance that could constitute 'forward looking statements'. While these forward looking statements represent the company's judgements and future expectations, a number of factors could cause actual developments and results to differ materially from expectations. The Company undertakes no obligation to publicly revise any forward looking statements to reflect future events or circumstances. Further, investors are requested to exercise their own judgement in assessing various risks associated with the Company and also the effectiveness of the measures being taken by the Company in tackling them, as those enumerated in this report are only as perceived by the management.

## CORPORATE INFORMATION

Board of Directors	
<p>Mr. M.M. Venkatachalam - Chairman</p> <p>Mr. M.A.M. Arunachalam</p> <p>Mr. S.S. Rajsekar</p> <p>Mr. N.V. Ravi</p> <p>Mr. P. Nagarajan</p> <p>Ms. G. Jalaja</p>	
Bankers	Company Secretary & Compliance Officer
<p>City Union Bank Ltd</p> <p>Development Credit Bank Ltd</p> <p>HDFC Bank Ltd</p> <p>IDBI Bank Ltd</p> <p>Indian Bank</p> <p>Indusind Bank Ltd</p>	Mr. R. Narayanan
	Auditors
	M/s. Sundaram & Srinivasan Chartered Accountants
Registered Office	Registrars and Share Transfer Agents
<p>"Parry House", 3rd Floor</p> <p>No. 43, Moore Street</p> <p>Chennai – 600 001</p> <p>Tel : 25301700</p> <p>Fax : 25342822</p> <p>Email: investorservices@cec.murugappa.com</p> <p>Website : www.coromandelengg.com</p> <p>CIN:L74910TN1947PLC000343</p>	<p>Karvy Computershare Private Limited</p> <p>Karvy Selenium Tower B,</p> <p>Plot 31-32, Gachibowli, Financial District</p> <p>Nanakramguda , Hyderabad – 500 032</p> <p>Tel : 91-40-23420815 to 23420824</p> <p>Toll Free No.1-800-3454001</p> <p>Fax : +91-40 23420814</p> <p>Email : einward.ris@karvy.com</p> <p>Website: www.karvy.com</p>
67th Annual General Meeting	Date: : 24th day of July, 2015
	<p>Day : Friday</p> <p>Time : 10.00 am</p> <p>Venue : Narada Gana Sabha Trust</p> <p>Mini Hall, No. 314, TTK Road</p> <p>Chennai - 600 018</p>

## TEN YEARS FINANCIAL TRACK RECORD

(₹ In lakhs)

YEAR ENDED 31st March										
OPERATING RESULTS	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Sales	2392.49	4502.40	6800.84	10024.63	8,920.85	11,275.24	17,046.09	21,639.22	19,924.92	23,039.38
Other Income	93.16	19.02	22.87	37.85	40.00	185.34	78.79	90.30	109.01	89.70
Profit/(Loss) before depreciation	153.46	276.97	570.37	799.55	434.49	523.16	(3,088.12)	(453.31)	(1,020.17)	542.85
Profit/(Loss) before Tax	139.12	251.82	527.49	714.22	330.27	405.12	(3,249.32)	(668.37)	(1,243.48)	53.95
Profit/(Loss) after Tax	115.71	202.96	412.87	467.01	218.94	288.54	(2,145.22)	(544.05)	(888.17)	112.41
Dividend - Equity	18.78	48.18	77.07	115.64	76.84	95.73	-	-	-	-
<b>SOURCES OF FUNDS</b>										
Paid up share capital	164.74	164.74	164.74	329.48	329.48	329.48	2,829.48	2,829.48	4,023.36	4,023.36
Reserves	278.20	463.15	766.54	1250.75	1,392.85	1,585.66	(559.56)	(1,103.61)	313.14	383.88
Loan Funds	576.36	1945.45	2997.71	4005.87	5,533.07	7,264.90	6,770.40	8,505.80	10,028.82	7,074.47
Deferred Tax Liability/ (Asset) Net	(2.33)	(0.37)	12.56	47.28	78.80	114.61	(989.49)	(1,113.81)	(1,469.12)	(1,546.42)
<b>Total</b>	<b>1016.97</b>	<b>2572.97</b>	<b>3941.55</b>	<b>5633.38</b>	<b>7,334.20</b>	<b>9,294.65</b>	<b>8,050.83</b>	<b>9,117.86</b>	<b>12,896.20</b>	<b>9,935.29</b>
<b>APPLICATION OF FUNDS</b>										
Fixed Assets	79.39	249.02	713.49	1354.24	1,383.68	1,822.54	2,423.15	3,037.54	3,539.01	2,931.43
Investments	31.12	1.13	1.20	1.25	6.25	5.20	5.20	5.44	5.44	5.20
Net Current Assets	906.46	2322.82	3226.86	4277.89	5,944.27	7,466.91	5,622.48	6,074.88	9,351.75	6,998.66
<b>Total</b>	<b>1016.97</b>	<b>2572.97</b>	<b>3941.55</b>	<b>5633.38</b>	<b>7,334.20</b>	<b>9,294.65</b>	<b>8,050.83</b>	<b>9,117.86</b>	<b>12,896.20</b>	<b>9,935.29</b>

## DIRECTORS – A BRIEF PROFILE

### **Mr. M M Venkatachalam** Chairman

Mr. M.M.Venkatachalam is a graduate in Agriculture and has done his Masters in Business Administration from George Washington University, USA. He was appointed as a Director in July 2009 and is presently the Chairman of the Company. He is also on the Board of various Companies including Coromandel International Limited, Ramco Systems Limited, Parry Agro Industries Limited, Ambadi Enterprises Limited, Polutech Limited, Parry Murray & Co. Limited, U.K etc.

### **Mr. M A M Arunachalam** Non-Executive Director

Mr. M.A.M. Arunachalam has done his Bachelors in Commerce and Masters in Business Administration from University of Chicago. He is an Industrialist and has an experience of 27 years in the field of varied industrial activities. He has been on the Board of CECL, since September 1995.

### **Mr. S S Rajsekar** Non-Executive Independent Director

Mr. S.S. Rajsekar is a Chemical Engineer (B. Tech) from Anna University. He has more than 35 years of experience in the field of real estate and property related advisory services. He has extensive senior-level contacts in the business community, through holding key positions in business organisations, Boards of Corporate Companies, Chambers of Commerce, advisory committees of Banks/Financial Institutions. He is a Committee member of Andhra Chamber of Commerce and Madras Management Association. He has been on the Board of CECL, since October 2005.

### **Mr. N V Ravi** Non-Executive Independent Director

Mr. N.V. Ravi is an architect and has his own private practice since 1985. He has done his Masters in Architecture at the University of Michigan Ann Arbor. He has designed and executed several residential, industrial and commercial projects in

Chennai, Delhi, Bangalore, Hyderabad etc. He also has vast experience in the field of construction and has his own property development firm, which has been doing projects since 1996. He has been on the Board of CECL, since February 2012.

### **Mr. P Nagarajan** Non-Executive Independent Director

Mr. P. Nagarajan is a Chartered Accountant with a Bachelors degree in Commerce from Loyola College, Chennai. He also has degree in Law (BGL) from the Bangalore University.

He has nearly four decades of post qualification work experience in the field of Finance & Accounts having specialized in areas like Treasury, Working Capital Management, Corporate Taxation, Corporate Restructuring, Project Evaluation etc., He worked in organizations such as Fraser & Ross, Chartered Accountants, HMT Ltd., and Coromandel International Ltd,. He retired from Coromandel International Ltd in 2011, having served the Company as the Head of Finance for 14 years. He has also served as member of few committees of Fertiliser Association of India.

Currently, he is a member of FICCI's Banking & Financial Institutions (F&I) Committee. He has been on the Board of CECL, since July 2014.

### **Ms. G Jalaja** Non-Executive Director

Ms. G. Jalaja, a Chartered Accountant with FCS has been associated with Murugappa Group since 1983. She has over 30 years of rich experience in areas of Secretarial, Corporate Finance, Legal and Treasury.

Ms. G.Jalaja joined Murugappa Group in the year 1983 and was the Company Secretary of E.I.D Parry (India) Limited between 1992 to 2010. She re-joined as Company Secretary of the said Company in the year 2013. In the intervening period, she was CFO of Parrys Sugar Industries Limited. She has been on the Board of CECL, since March, 2015.

## DIRECTORS' REPORT

Your Directors have pleasure in presenting the 67th Annual Report of the Company together with the Audited Financial Statements for the year ended 31st March, 2015.

The performance highlights of the Company for the year are summarized below:

### FINANCIAL RESULTS:

(₹ in Lakhs)

Particulars	2014-2015	2013-2014
Gross Income	23129.08	20033.93
Profit before interest and depreciation	2212.22	266.22
Finance charges	1669.37	1286.39
Gross Profit	542.85	(1020.17)
Depreciation and Amortisation expenses	488.90	223.31
Net Profit before tax	53.95	(1243.48)
Provision for tax	(58.46)	(355.31)
Net Profit after tax	112.41	(888.17)
Balance of Profit brought forward	(2764.33)	(1876.16)
Surplus carried to Balance Sheet	(2693.59)*	(2764.33)

\* - after adjustment of ₹41.67 Lakhs due to change in revised useful life of fixed assets.

### OPERATIONS AND PERFORMANCE

For the year under review, Your Company achieved a gross income of ₹ 23129.08 lakhs and profit before tax of ₹ 53.95 lakhs, as against the gross income of ₹20033.93 lakhs and loss of ₹1243.48 lakhs before tax, for the previous year.

Your Company's operations were impacted during the year due to a general slow down in investment/expansions in the industry segments where the Company is present. There were also issues like delayed payments by certain customers, which affected the cash flow and hence, the speed of execution by the Company. The Company continued its initiative on process improvements to increase productivity and project margins.

Your Company participated in several tenders during the year in industrial, commercial and residential segments across select geographies. Your company quoted for tenders worth ₹ 122019 lakhs during the year and bagged orders to the tune of ₹ 4074 lakhs, in the industrial and commercial construction segment.

On the Property Development business, Your Company focused on completion and sale of the existing projects. Your Company has completed the execution of all the projects on hand and also the sale of apartments in the major project at Coimbatore during the last quarter. Your Company also undertook certain property development projects and related services in Chennai, revenue from which were received in the last quarter. The turnover from property development business was at ₹11448 lakhs for the year as against ₹ 2975 lakhs in the previous year.

The depreciation for the year increased to ₹ 488.90 lakhs as compared to ₹ 223.31 lakhs for the previous year, on adoption of the revised useful life of assets as per Schedule II of the Companies Act, 2013. In line with transitional provisions, where the remaining revised useful life was 'Nil' for assets held as on 01st April 2014, an amount of ₹ 41.67 Lakhs has been recognised in the opening balance of retained earnings (net of deferred tax of ₹ 18.66 lakhs).

Thanks to the improvement in revenue and various other measures taken by the Company, the PBIT of the Company during the year has improved to ₹ 1723.32 lakhs as compared to ₹ 42.91 lakhs during the previous year. The finance cost for the year was at ₹ 1669.37 lakhs as compared to ₹1286.39 lakhs for the previous year. The increase in finance cost was due to higher borrowings during most part of the year. During the last quarter, the Company realised significant cash flows through sale of apartments, refund of deposits and overdue collections. This helped the Company in reducing the long term borrowings.

During the year, Your Company had focused on utilization of existing plant and machinery and the capital expenditure during the year was restricted to ₹ 58.78 lakhs. The Company reviewed the requirement of existing plant and machinery based on the completion of certain projects and took efforts to dispose off surplus and used assets.

#### **DIVIDEND**

Taking into account overall financial performances of the Company, your Directors have not recommended any dividend for the financial year 2014-2015. The Company has not transferred any amount to general reserve.

During the year, the unclaimed dividend amounting to ₹61,423/- pertaining to dividend for the year ended 31st March, 2007 was transferred to the Investor Education & Protection Fund. The company has uploaded the details relating to unclaimed dividend on its website for the benefit of its shareholders.

#### **SHARE CAPITAL**

The paid up Equity share capital of the Company as on 31.03.2015 was ₹332,335,980/-. During the year under review, the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity shares. As on 31st March, 2015, Mr. M M Venkatachalam, Chairman, holds 4,51,610 equity shares and Mr. M A M Arunachalam, Director, holds 3,61,610 equity shares of the Company.

The paid up Preference Share capital of the Company as on 31.03.2015 was ₹7,00,00,000/-.

#### **DETAILS OF DEPOSITS**

The Company has not accepted any Deposits covered under Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

#### **PARTICULARS OF LOANS/GUARANTEES/ INVESTMENTS**

The Company has not extended any loans, guarantees nor made any investments covered under the provisions of Section 186 of the Companies Act, 2013.

#### **RISK MANAGEMENT**

The Board of Directors have established a review and monitoring process with the management to ensure that the risks pertaining to the business are identified, steps are taken to manage and mitigate the same and periodical updates are discussed. Pursuant to Clause 49 of the Listing Agreement, the Board had constituted a Risk Management Committee during the year. The details of the said Committee and its terms of reference are set out in the Corporate Governance Report forming part of the Board's Report.

#### **DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS**

In addition to the Internal Controls on Operations, the Board has laid emphasis on adequate internal financial controls to ensure that the financial affairs of the Company are carried out with due diligence. Apart from Internal Audit function which scrutinizes all the financial transactions, there are also processes laid down, leading to CFO/CEO certification to Board on the adequacy of Internal Financial Controls.

#### **DIRECTORS**

At the 66th Annual General Meeting held on 30th July, 2014, Mr. J Srinivasan (DIN:00063660) was appointed as an Independent Director for a period of 1 year with effect from



30th July, 2014. Mr. S.S.Rajsekar (DIN:00125641), Mr. V. Venkiteswaran (DIN:00062246) and Mr. N V Ravi (DIN : 00277255) were appointed as Independent Directors for a period of 5 years with effect from 30th July, 2014 for a term upto the conclusion of the 71st Annual General Meeting to be held in the calendar year 2019. They are not liable to retire by rotation.

#### **REAPPOINTMENT OF RETIRING DIRECTORS**

Mr. M M Venkatachalam, Chairman (DIN:00152619) retires by rotation pursuant to Section 152(6) of the Companies Act, 2013 and Article 93 of the Articles of Association at the forth coming Annual General Meeting and being eligible, offers himself for re-appointment.

#### **APPOINTMENT OF DIRECTORS**

During the year, Mr. P. Nagarajan (DIN: 00110344) and Ms. G. Jalaja (DIN: 00149278) were appointed as Additional Directors of the Company on 30.07.2014 and 20.03.2015 respectively.

#### **RESIGNATION OF DIRECTORS**

During the year, Mr. J Srinivasan, Independent Director (DIN: 00063660) had resigned from the Board of Directors and the same was accepted by the Board with effect from the close of business hours on 31st October, 2014. Mr. V Venkiteswaran, Independent Director (DIN: 00062246) had resigned from the Board of Directors and the same was accepted by the Board with effect from the close of business hours on 11th March, 2015.

Your Directors place on record their grateful appreciation of the valuable services rendered and contributions made by Mr. J. Srinivasan and Mr. V. Venkiteswaran, during their tenure of office as Directors of the Company.

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

During the year, Mr. A. Suryanarayan was appointed by the Board as Manager of the Company and a Key Managerial Person under Section 203 of the Companies Act, 2013, which was approved by the members at the 66th Annual General Meeting of the Company held on 30th July, 2014.

Mr. K Ramakrishnan was appointed as the Chief Financial Officer of the Company and a Key Managerial Person with effect from 1st August, 2014.

#### **RESIGNATION OF KEY MANAGERIAL PERSONNEL**

Mr. A Suryanarayan, Manager had resigned from the services of the Company with effect from the close of business hours on 30th November, 2014.

The Board based on the recommendations of the Nomination & Remuneration Committee has appointed Mr. N. Velappan as Manager of the Company and a Key Managerial Person under Section 203 of the Companies Act, 2013 with effect from 01st May 2015, which is subject to the approval of the members at the ensuing Annual general Meeting for the remuneration to be paid.

#### **EVALUATION OF BOARD'S PERFORMANCE**

As per the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as evaluation of the working of its Audit Committee, Nomination and Remuneration Committee, Risk Management Committee and Stakeholders Relationship Committee. The manner in which the evaluation has been carried out is explained in the Corporate Governance Report.

#### **REMUNERATION POLICY**

Pursuant to Section 178(3) of the Companies Act, 2013, the Board on the recommendations of the Nomination and Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and other employees and their remuneration. The details of the Remuneration Policy are stated in the Corporate Governance Report.

#### **NUMBER OF THE MEETINGS OF THE BOARD**

The Board had met five (5) times during the financial year ended 31st March 2015, on 29th April 2014, 30th July 2014, 31st October 2014, 29th January 2015 and 6th March 2015. Except on 6th March, 2015, the Audit Committee had also met



on the same dates. The details of the said meetings are given in the Corporate Governance Report. The intervening gap between the meetings was within the period as prescribed under the Companies Act, 2013.

#### **DIRECTOR'S RESPONSIBILITY STATEMENT**

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

- (a) that in the preparation of the annual financial statements for the year ended 31st March, 2015, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (b) that the directors had selected such accounting policies as mentioned in Note No. 27 of the Financial Statements and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2015 and of the profit of the company for the year ended on that date;
- (c) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) that the annual accounts for the year ended 31st March, 2015 have been prepared on a 'going concern' basis;
- (e) that the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) that the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **DECLARATION BY INDEPENDENT DIRECTORS**

The Company has received necessary declaration from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013 (Act) stating that the Independent Directors of the Company met with the criteria of Independence laid down in Section 149(6) of the Act.

#### **RELATED PARTY TRANSACTIONS**

All transactions with Related Parties entered during the financial year were in the ordinary course of business and on an arm's length basis. There were no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company other than reimbursement of expenses incurred, if any, for attending the Board meeting.

The Related Party Transactions are placed before the Audit Committee for review and approval as per the terms of the Policy for dealing with Related Parties. Prior omnibus approval of the Audit Committee is obtained on a quarterly basis for transactions which are foreseen and of repetitive nature. The statement containing the nature and value of the transactions entered into during the quarter is presented at every subsequent Audit Committee meeting by the CFO for the review and approval of the Committee. Further, transactions proposed in subsequent quarter are also presented. Besides, the Related Party Transactions are also reviewed by the Board on an annual basis. The details of the Related Party Transactions are provided in the accompanying financial statements. There are no contracts or arrangements entered into with Related Parties during the year ended 31st March 2015 to be reported under section 188(1). The policy on dealing with Related Parties as approved by the Board is uploaded and is available on the Company's website at the following link:  
[http://www.coromandelengg.com/Inv\\_policies.html](http://www.coromandelengg.com/Inv_policies.html).

#### **EXPLANATION AND COMMENTS**

The reports of statutory auditors and that of the secretarial auditors are self explanatory and have no adverse comments.

## **MATERIAL CHANGE**

There is no material change or commitments after the closure of the financial year.

## **COMPOSITION OF AUDIT COMMITTEE**

Pursuant to Section 177 of the Companies Act, 2013, the Audit Committee was reconstituted by the Board of Directors and consists of the following members:

1. Mr. P Nagarajan - Chairman
2. Mr. M A M Arunachalam - Member
3. Mr. S S Rajsekar - Member
4. Mr. N V Ravi - Member

The Board has accepted the recommendations of the Audit Committee and there were no incidences of deviation from such recommendations during the financial year under review.

## **VIGIL MECHANISM**

The Company has devised a vigil mechanism in pursuance of provisions of Section 177(10) of the Companies Act, 2013 for Directors and employees to report genuine concerns or grievances to the Audit Committee in this regard and details whereof are available on the Company's website.

## **NOMINATION AND REMUNERATION COMMITTEE**

Pursuant to Section 178 of the Companies Act, 2013, the Board has constituted a Nomination and Remuneration Committee consisting of the following members:

1. Mr. N V Ravi - Chairman
2. Mr. M M Venkatachalam - Member
3. Mr. P. Nagarajan - Member

The said committee has been empowered and authorized to exercise powers as entrusted under the provisions of Section 178 of the Companies Act, 2013. The Company had laid out and following the policy on director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub section 3 of Section 178 of the Companies Act, 2013.

Policy on Criteria for Board Nomination and Remuneration policy is available in the website of the Company [http://www.coromandelengg.com/Inv\\_policies.html](http://www.coromandelengg.com/Inv_policies.html).

## **CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY**

The Company through its Corporate Social Responsibility Committee had formulated a CSR policy as required under Section 135 of the Companies Act, 2013.

The following is the composition of the Corporate Social Responsibility Committee.

- a) Mr. S.S. Rajsekar - Chairman
- b) Mr. M.A.M Arunachalam - Member
- c) Ms G. Jalaja - Member

## **SCOPE OF CSR POLICY**

This policy will apply to all projects/programmes undertaken as part the Company's Corporate Social Responsibility and will be developed, reviewed and updated periodically with reference to relevant changes in corporate governance, international standards and sustainable and innovative practices. The policy will maintain compliance and alignment with the activities listed in Schedule VII and Section 135 of the Companies Act 2013 and the rules framed there under.

## **CSR POLICY IMPLEMENTATION**

The Company shall undertake CSR project/programmes identified by the CSR Committee and approved by the Board of Directors in line with the CSR Policy.

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

## **REASON FOR NOT SPENDING ON CSR ACTIVITIES**

Since the Company had incurred losses in the preceding financial years, the Company had decided not to spend on the CSR activities.