**Ref: 123/SECT/BSE/2016**

**Date: October 04, 2016**

**To**
**The BSE Limited**
Rotunda Building
Pheroze Jeejeebhoy Towers
Dalal Street,
Mumbai 400 001

**Sub: Annual Report of Lancor Holdings Limited duly approved and adopted at the AGM**

**Ref.: Regulation 34 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015**

LANCOR HOLDINGS LIMITED, ISIN: INE572G01025

**Dear Sir/s,**

Pursuant to the Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the 31st Annual Report of our company i.e., Lancor Holdings Limited duly approved and adopted by the Shareholders at the Annual General Meeting (AGM) of the Company held on Thursday, September 29, 2016 at the Quality Inn Sabari, No: 29, Thirumalai Pillai Road, T. Nagar, Chennai – 600 017 at 03:00 P.M. (IST).

Kindly take the above on record and oblige.

**For LANCOR HOLDINGS LIMITED**

LANCOR HOLDINGS LIMITED CHENNAI 600 017

**Dr. V. RAJESH**
**Company Secretary cum Compliance Officer**

# 31ST ANNUAL REPORT 2015-2016

LANCOR
FUTURE-READY

TCIP
LAKE FRONT
OMR, SHOLINGANALLUR
Actual site picture

## BOARD OF DIRECTORS

| Sl. No | DIN | Name of the Director | Position |
|---|---|---|---|
| 01. | 00259129 | Mr. R.V. Shekar | Chairman, Non - Executive |
| 02. | 00004010 | Mr. S.V. Venkatesan | Non – Executive & Independent |
| 03. | 00172202 | Mr. R. Sankaranarayanan | Non – Executive & Independent |
| 04. | 00320782 | Mr. T.P. Raman | Non – Executive & Independent |
| 05. | 01773791 | Mr. S. Sridharan | Non – Executive & Non – Independent |
| 06. | 03344252 | Mrs. Sangeetha Shekar | Non – Executive & Non – Independent |
| 07. | 00046068 | Mr. Harmohan H. Sahni | Non – Executive & Independent (Upto 04 November 2015) |

## KEY MANAGERIAL PERSONNEL

| Sl. No | Name of the Person | Position |
|---|---|---|
| 01. | CA. Mallika Ravi | Chief Executive Officer |
| 02. | Mr. K. Srinivasan | Chief Financial Officer (upto 22nd June 2016) |
| 03. | Dr. V. Rajesh | Company Secretary & Compliance Officer |

## AUDITORS

| Statutory Auditors | Secretarial Auditors | Internal Auditors | Cost Auditors |
|---|---|---|---|
| M/s. G.M. Kapadia & Co.,<br>Chartered Accountants,<br>7A, P.M. Towers, No: 37,<br>Greams Road,<br>Chennai - 600006 | V.S. Sowrirajan & Associates.<br>Company Secretaries in Practice,<br>C-2, Vijayarengaa Apt., No: 64,<br>West Adayavalanchan Street,<br>Srirangan, Trichy,TN – 620006 | Mr. E.N. Neelakantan<br>No.29/44, Flat 2D,<br>2nd Flr., Prasanthi Apts.<br>Thiruvellikani,<br>Chennai - 600005 | N. Sivashankaran & Co.,<br>AP 13, 6th Street,<br>First Sector,<br>KK Nagar,<br>Chennai - 600078 |
| **SOLICITORS**<br>M/s. Raman & Associates, Chennai | | | |

## BANKERS AND FINANCIAL INSTITUTIONS

| Sl. No | Name of the Bankers |
|---|---|
| 01. | M/s. The Catholic Syrian Bank Limited |
| 02. | M/s. City Union Bank Limited |
| 03. | M/s. Axis Bank Limited |
| 04. | M/s. HDFC Bank Limited |
| 05. | M/s. TATA Capital Housing Finance Limited |
| 06. | M/s. LIC Housing Finance Limited |

| | |
|---|---|
| **REGISTERED OFFICE** | **"VTN" Square, 2nd Floor**,58, G.N. Chetty, Road,T.NagarChennai – 600 017 |
| **REGISTRAR AND SHARE TRANSFER AGENT** | **Cameo Corporate Service Limited** "Supramanian Buildings"No:1, Club House Road, Chennai – 600 002 |

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## MISSION STATEMENT

To create profitable developments with enduring value, distinguishing characteristics leading to high customer satisfaction, with full compliance to building standards, rules and regulations.

## FINANCIAL HIGHLIGHTS OF LANCOR HOLDINGS LIMITED, ITS SUBSIDIARIES AND INTEREST IN JOINT VENTURE – PARTNERSHIP FIRM (on consolidated basis)

Rs. In Lakhs(except S.No.1 & 2 )

| S.NO. | PARTICULARS | 2015 -2016 | 2014-2015 | 2013-2014 | 2012-2013 | 2011-2012 |
|---|---|---|---|---|---|---|
| 1 | CONSTRUCTED AREA (SQ.FT) | 1,51,596 | 3,36,759 | 4,78,795 | 2,60,219 | 2,48,159 |
| 2 | CONSTRUCTED AREA LINKED TO SALES (SQ.FT) | 1,41,968 | 2,97,908 | 2,61,328 | 1,91,283 | 2,58,293 |
| 3 | INCOME FROM OPERATIONS | 7,402.81 | 12,931.06 | 11,307.32 | 5,232.94 | 8,016.01 |
| 4 | TOTAL INCOME | 9,627.45 | 15,126.18 | 13,654.09 | 7,931.00 | 10,802.80 |
| 5 | EBIDTA | 3,753.58 | 5,385.15 | 5,307.23 | 2,855.35 | 3,721.63 |
| 6 | INTEREST | 2,125.34 | 2,387.21 | 2,237.59 | 1,576.45 | 784.09 |
| 7 | DEPRECIATION | 249.70 | 326.60 | 269.44 | 233.46 | 249.27 |
| 8 | TAX | 270.59 | 966.36 | 1,115.96 | 276.45 | 1,567.32 |
| 9 | NET PROFIT | 1,097.86 | 1,683.82 | 1,683.51 | 737.84 | 1,120.64 |
| 10 | EQUITY SHARE CAPITAL | 810.00 | 405.00 | 405.00 | 405.00 | 405.00 |
| 11 | NETWORTH | 14,355.68 | 13,745.26 | 12,646.45 | 11,436.77 | 9,760.67 |
| 12 | GROSS FIXED ASSETS | 11,227.93 | 10,276.07 | 10,462.13 | 10241.27 | 6,912.33 |
| 13 | NET FIXED ASSETS | 9,138.37 | 8,424.33 | 8,748.02 | 8,777.18 | 5,701.95 |
| 14 | TOTAL ASSETS | 39,664.92 | 38,083.87 | 38,908.96 | 32,410.68 | 22,344.43 |
| 15 | BOOK VALUE PER SHARE (Rs.) | 35.45 | 67.88 | 62.45 | 56.48 | 48.2 |
| 16 | TURNOVER PER SHARE (Rs.) | 23.77 | 74.69 | 67.42 | 39.17 | 53.35 |
| 17 | EARNINGS PER SHARE (Rs.) | 2.71 | 8.32 | 8.31 | 3.64 | 5.53 |
| 18 | EBIDTA/GROSS TURNOVER (%) | 38.99 | 35.60 | 38.87 | 36 | 34.45 |
| 19 | ROCE (%) | 7.65 | 12.25 | 13.31 | 6.45 | 11.48 |

Rs. in Lakhs

Rs. in Lakhs

## DIRECTORS' REPORT TO THE MEMBERS

Dear Member(s),

Your Directors have great pleasure in presenting the 31st Annual Report on the business and operations of your Company together with Audited financial statement of the Company including consolidated financial statement of the Company for the financial year ended 31st March 2016 and the Auditors' report thereon.

### FINANCIAL SUMMARY AND HIGHLIGHTS

**(Amount in Rs. Lakhs)**

| Particulars | Standalone | | Consolidated | |
|---|---|---|---|---|
| | 2015 – 2016 | 2014 – 2015 | 2015 – 2016 | 2014 – 2015 |
| Total Revenue | 8397.48 | 10,736.23 | 9627.45 | 15126.19 |
| Expenditure | 5349.88 | 6,574.22 | 5873.87 | 9741.04 |
| EBITDA | 3047.60 | 4,162.01 | 3753.58 | 5385.15 |
| Interest | 1616.20 | 2,077.52 | 2125.34 | 2387.21 |
| Depreciation | 234.47 | 310.12 | 249.70 | 326.60 |
| Profit / (Loss) before extraordinary items & tax | 1196.92 | 2,178.66 | 1378.53 | 2650.55 |
| Less: Extraordinary items | 0.00 | 0.00 | 9.67 | 0.00 |
| Profit / (Loss) after extraordinary items before tax | 1196.92 | 2,178.66 | 1368.86 | 2650.55 |
| Current tax | 339.79 | 713.13 | 433.37 | 958.98 |
| Deferred tax | 33.28 | (13.91) | 24.65 | (14.97) |
| (Excess) / short provision of Tax earlier year | (191.29) | 3.58 | (187.42) | 22.36 |
| Profit / (Loss) after Tax | 1015.14 | 1,475.86 | 1098.26 | 1684.19 |
| Minority Interest | 0.00 | 0.00 | 0.40 | 0.37 |
| Add : Balance brought forward from previous year (includes Lancor Projects Ltd) | 7727.08 | 8,671.64 | 8609.93 | 8985.21 |
| Less : Prior year adjustments | 0.00 | 20.79 | 0.00 | 20.79 |
| Available for appropriation | 8742.22 | 8,374.26 | 9707.79 | 9,267.04 |
| Dividend | 405.00 | 405.00 | 405.00 | 405.00 |
| Tax on dividend | 82.45 | 94.60 | 82.45 | 94.60 |
| Transfer to General Reserve | 101.52 | 147.59 | 101.51 | 147.59 |
| Balance Carried to Balance Sheet | 8153.26 | 7,727.08 | 9118.84 | 8609.93 |

## BUSINESS OUTLOOK FOR LANCOR HOLDINGS LIMITED, ITS SUBSIDIARIES AND ASSOCIATES BUSINESS OVERVIEW

There has been no material change in the nature of business of the company

The Real Estate sector which has been suffering much pain in the last 3 years is yet to see a recovery. The buyers are still delaying their decisions and the sector awaits the return of customers and investors. The home prices have been under tremendous pressure than before as the customers are still not entering the market. As per data, there was an accumulated stock of 7 lakhs units across India by September 2015. There has been mispricing and mis-design of project in many places. Your Company recognizes this position and has designed its TCP-Lake Front Phase II, OMR project with apartments of average sizes starting from 850 sft with a ticket size of above Rs.53 lakhs. The MSB panel approval for TCP-Lake Front Phase II has been obtained and the project will be launched in the next 2 months. As against 279 apartments that were reported in the last report, there will be 378 apartments as the sizes of the apartments are made more attractive and affordable.

The commercial office space has been the only saving grace where vacancy levels are falling down. The actual trickledown effect of many reforms and policies announced over the last two years by the Central Government is yet to see its effects on ground.

Your company in order to de-leverage your balance sheet obtained the shareholders approval and monetised the land in Potheri and Vallancheri of 6.44 acres for Rs.57.31 Crores and reduced the debt to Rs.160.51 Crores as on 31.07.2016 at the group level.

As on 31.07.2016, the debt equity ratio of your Company at the Group level is 1.14:1.

Your Company has launched an Innovative Scheme titled 'GRIHA (Guaranteed Rental Income and Home Appreciation scheme), under which the buyer gets rental guarantee for the apartment purchased at 4.99% yield and is further assured of capital appreciation of 12% at the end of 3 years. The initial response of the scheme has been positive.

The construction of G block in Lumina has been completed and your company is making efforts to sell its inventories in G block under the GRIHA Scheme.

The few units which are left in Townsville, Town & Country at Sriperumbudur, TCP-Lake Front at Sholinganallur are also offered under the GRIHA Scheme.

The country's first auto rail hub in Walajabad should give a boost to realty sector in and around Sriperumbudur. Your Company's Town & Country and Townsville project in Sriperumbudur will be benefitted by this. The talks are on for revival of Foxconn factory in Sriperumbudur, which would also provide impetus to Sriperumbudur and to your projects in Sriperumbudur, when it happens.

## MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF REPORT:

The Board, in its meeting held on 02nd May 2016, considered and recommended approval for (1) Sale / disposal of Immovable Properties of the Company comprising of Vacant land admeasuring aggregating in all 6.44 acres located on GST road in Vallancheri and Potheri Villages, Chengalpet, Kancheepuram District, Tamilnadu and Commercial Properties aggregating to (i) a total extent of 22,127 sqft of super built up area in a building constructed by the Company on Dr.Radhakrishnan Salai, Mylapore, Chennai, 600004, (ii) 4th Floor of a building in Kasturibai Nagar, Adayar, Chennai constructed by the Company admeasuring an extent of 6,122 sq ft of super built up area and (iii) 2nd and 3rd Floors admeasuring a total extent of 6,954 sq ft of super built up area, also constructed by the Company at GST Road, Alandur, Chennai, 600016, Tamilnadu, India which was later approved by the members by way of Postal Ballot, the result of which was declared on 02.05.2016.

Further, the Board, in its meeting held on 28 May 2016 appointed Dr. V. Rajesh as Company Secretary and Compliance Officer due to resignation of existing Company Secretary and Compliance Officer Mr. Pradeep Kumar Nath.

Apart from these, there has been no other material change and commitment effecting the financial position of the Company between the end of the financial year and the date of the report

## FINANCIAL OVERVIEW

### STANDALONE

During the financial year 2015-16, the Company has on a standalone basis, registered total revenues of Rs.83,97,48,604 as compared to Rs. 1,07,36,23,210/- in the previous year, a decrease of 21.78 % year on year. The Profit before Tax and Profit after Tax have declined by 45.06%, 31.22% respectively.

### CONSOLIDATED

The consolidated revenues of the Company during the financial year 2015-16 was Rs.96,27,45,495 a decline of 36.35% from the previous year. The Profit before Tax was higher/(lower) by (48.36%) and Profit after Tax was higher/(lower) (after considering minority interest) by (34.80%) as compared to the financial year 2014-15.

### DIVIDEND:

The Board of Directors at its meeting held on 28th May 2016 recommended a final dividend of Rs.1 per equity share, subject to the approval of the members at the ensuing Annual General Meeting of the Company for the financial year ended 31st March 2016.

The total dividend appropriation (excluding dividend distribution tax) for the current year is Rs. 4.05 crores

### TRANSFER TO RESERVE:

Even though it is not mandatory on the part of the Company under section 123 of the Companies Act, 2013 read with the Companies (Declaration and Payment of Dividend) Rules, 2014 to transfer any specific percentage of its profits to the General reserves of the Company before the declaration of any dividend in any financial year, the Company proposes to transfer voluntarily a sum of Rs.1,01,51,479/- to the General Reserve.

### CORPORATE SOCIAL RESPONSIBILITY (CSR)

During the year, your Company has spent the balance residual amount of Rs.45,600/- on the construction of toilets for school children in Sree Sayee Vivekananda Vidyalaya in North Chennai. The construction got completed and the school management recorded their acknowledgement on the services rendered by your Company in this regard.

The balance CSR amount of Rs.38,43,095/- (of 2% of the average net profit) has been transferred to Lancor Foundation for the establishment of Skill Development Centre in Sriperumbudur.

Your Company through 'Lancor Foundation' has started initiative with an objective of not only to impart training to the youth and also to make them employable.

## BOARD OF DIRECTORS AND ITS COMMITTEES

### A. Composition of the Board of Directors

The Board of Directors of the Company comprises of Non Executive Chairman who is a promoter Director of the Company with other Five Non-Executive Directors, including Three Independent Directors. The Company also has one Women Director who is also Non Executive. The composition of the Board of Directors is in compliance with regulation 17(1)(b) of SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015 and Section 149 of the Companies Act, 2013.

The Company has received necessary declarations from the Independent Directors under Section 149(7) of the Companies Act, 2013 stating that they meet the criteria of independence as specified in Section 149(6) of the Companies Act, 2013 and as per Regulation of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

### B. Meetings

The Board of Directors duly met Six (06) times during the year, the details of which are given in the corporate Governance report that forms part of this annual report. In respect of all such meetings proper notices were given and the proceedings were properly recorded and signed in the minutes book maintained for the purpose. The intervening gap between any two meetings was within the period prescribed under the Companies Act,2013.

In accordance with the provisions of the Companies Act, 2013, a separate meeting of the Independent Directors of

the Company was held on March 31, 2016.

**C. Re-appointment of Director Retiring by Rotation**

In terms of Section 152 of the Companies Act, 2013, Mr. S. Sridharan (DIN-01773791) liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers him selves for re-appointment. The Board of Directors based on the recommendation of Nomination, Remuneration and Governance Committee, has recommended the re-appointment of Mr. S. Sridharan (DIN-01773791) retiring by rotation.

Brief resumes of the Directors proposed to be re-appointed have been provided in the note to the Notice convening the Annual General Meeting. Specific information about the nature of their expertise in specific functional areas and the names of the companies in which they hold Directorship and membership / chairmanship of the Board Committees as per regulation 26 (4) of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 have also been included.

**D. Committees of the Board**

The constitution and terms of reference of Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Risk Management Committee were also aligned with the requirements of regulations 18 to 22 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and the Companies Act, 2013. The Company has also constituted Corporate Social Responsibility Committee.

A detailed note on the Committees of the Board of Directors is given in the Corporate Governance Report forming part of the Annual Report.

**E. Performance Evaluation**

Section 134 of the Companies Act, 2013 states that formal evaluation needs to be made by the Board, of its own performance and that of its committees and the individual Directors. Schedule IV of the Companies Act, 2013 and regulation 17(10) of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 states that the performance evaluation of Independent Directors shall be done by the entire Board of Directors excluding the Directors being evaluated.

Pursuant to the provisions of section 134 (3)(p) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, the Board has carried out an evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report. None of the Independent Directors is due for re-appointment.

**F. Directors' Responsibility Statement**

In terms of the requirements of Section 134(5) of the Companies Act, 2013, we, on behalf of the Board of Directors, hereby confirm that:

a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b) the Directors had selected such accounting policies 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 at the end of the financial year and of the profit of the Company for that period;

c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the Directors had prepared the annual accounts on a going concern basis; and

e) the Directors had laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and were operating effectively.