



16th

ANNUAL REPORT
2008 - 2009

(July 2008 to March 2009)

Regd. Office : Plot No. 424/A, Road No. 18,
Jubilee Hills, Hyderabad - 500 033.

BOARD OF DIRECTORS

Sri. S. MAN MOHAN RAO
Sri. G. SURENDER REDDY
Sri. K C VENKATESWARLU
Sri. SADASHIV SAWRIKAR
Sri. K V CHANDRASEKHARA
Sri. S. SRIDHAR
Smt. P R GIRIJA

Sri. A. MALLIKARJUN

Chairman
Managing Director
Director
Director
Director
Director – IDBI Nominee
[Up to 20th Feb'2009]
Director – IDBI Nominee
[From 21st Feb'2009]

Registered Office:

Plot No.424/A,
Road No.18, Jubilee Hills,
HYDERABAD – 500 033.
Tele : 040 - 23542871, 23551044.
Email : lnpolyester@yahoo.com

Works:

- 1) Plot No.186,
Second Phase,
G I D C,
VAPI – 396 195.
GUJARAT.
- Survey No. 16/1,
Rakholl,
Silvassa – 396230,
Dadra and Nagar Haveli,
UT.

Auditors:

M/s. KUMAR & GIRI,
Chartered Accountants,
1-11-126/D, Opp. Aeroview Towers,
Begumpet,
HYDERABAD – 500 016.

Bankers:

- 1) State Bank of Hyderabad,
Overseas Branch,
Somajiguda,
HYDERABAD – 500 082.
- IDBI Bank Limited,
Chapel Road,
P B No. 370,
HYDERABAD – 500 001.

NOTICE

Notice is hereby given that the **16th Annual General Meeting of LN Polyesters Limited** will be held on Thursday the **27th day of August 2009**, at 4.00 P.M., at Surana Auditorium, FAPCCI, Red Hills, Hyderabad - 500 004, to transact the following business:

ORDINARY BUSINESS:

1. **To** Receive, Consider, Approve and Adopt the Balance Sheet As At 31st March '2009, the Profit and Loss Account for the period ended on that date together with the reports of the Directors and Auditors.
2. **To** Appoint a Director in the place of Sri.K C Venkateswarlu, who retires by rotation and being eligible, offers himself for reappointment.
3. **To** Appoint a Director in the place of Sri. K V Chandrasekhara, who retires by rotation and being eligible, offers himself for reappointment.
4. **To** appoint M/s. Kumar & Giri, Chartered Accountants, Hyderabad, as Auditors of the Company from the conclusion of 16th Annual General Meeting until the conclusion of the 17th Annual General Meeting on a remuneration to be fixed by the Board of the Company.

SPECIAL BUSINESS:

5. **To** consider and if thought fit, to pass with or without modification(s), the following resolutions as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 16, 94 and other applicable provisions, if any, of the Companies Act, 1956, and subject to such approvals as may be required from time to time the Authorised Share Capital of the Company be and is hereby increased, from Rs.21,00,00,000 (Rupees Twenty One Crores only) divided into 1,70,00,000 (One Crore Seventy Lakh) Equity Shares of Rs.10/- each and 40,00,000 (Forty Lakhs only) Preference Shares of Rs.10/- (Rupees Ten only) each to Rs.25,50,00,000/- (Rupees Twenty Five Crore Fifty Lakhs only) divided into 2,15,00,000 (Two Crore Fifteen Lakh) Equity Shares of Rs.10/- and 40,00,000 (Forty Lakhs only) Preference Shares of Rs.10/- (Rupees Ten only) each by creation of 45,00,000 (Forty Five Lacs) Equity Shares of Rs.10/- (Rupees Ten) each which shall rank *pari passu* with the existing equity shares of the Company as respect to dividend and other entitlements."

"FURTHER RESOLVED THAT sub-clause (a) of Clause V of the Memorandum of Association be and is hereby replaced by the following clause:

The authorized share capital of the Company is Rs.25,50,00,000/- (Rupees Twenty Five Crore Fifty Lakhs only) divided into 2,15,00,000 (Two Crore Fifteen Lakh) Equity Shares of Rs.10/-(Rupees Ten only) each and 40,00,000 (Forty Lakhs only) Preference Shares of Rs.10/- (Rupees Ten only) each. The Company shall have power to increase or reduce the share capital, to issue any shares with special rights or privileges as to voting, otherwise or to subject the shares to any restrictions, limitations and conditions and vary, modify or abrogate any such rights, privileges, restrictions or conditions. The rights of the holders of any class of shares for the time being forming part of the Capital of the Company may be modified, affected, varied, extended or surrendered."

6. **To** consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 ("Act") (including any statutory modification or enactments thereof for the time being in force) and in accordance with the guidelines, rules and regulations of the Securities and Exchange Board of India (SEBI) [Including the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997], the Listing Agreement entered with the Stock Exchange where the shares of the Company is listed, the Reserve Bank of India, the Government of India and the enabling provisions of the Memorandum and Articles of Association of the Company and subject to such terms, conditions and modifications as may be considered appropriate and approved by the Board of Directors of the Company (hereinafter referred to as 'the Board' which expression shall include any committee thereof for the time being to which all or any of the powers conferred on the Board by this resolution may have been delegated) and subject also to such approvals, consents, permissions or sanctions (including any conditions thereof or modifications to the terms contained therein) if any, required of the appropriate authorities including Stock Exchange and SEBI and such terms and conditions, if any, as may be prescribed while granting such consents, approvals, permissions and sanctions which may be agreed to by the Board, the Board be and is hereby authorized to offer, issue and allot in one or more tranches and on such terms and conditions as may be deemed appropriate by the Board by way of preferential allotment up to 52,50,000 Equity shares of Rs.10/- each of the Company for cash at a price of Rs.20/- Per Share (including a premium of Rs.10/- per share), ranking *pari passu* in all respects including as to dividend, with the existing Equity Shares of the Company (the "Shares") to the investors and / or their nominees either through conversion of existing loans into Equity or for cash contribution by way of private placement of preferential allotment of shares on such

other terms and conditions, as the Board may deem appropriate in its absolute discretion.”

“FURTHER RESOLVED THAT the Equity shares allotted in terms of this resolution shall rank *pari passu* in all respects including dividend with the existing equity shares.

- (a) The relevant date for the purpose of pricing of the issue of the Equity Shares in accordance with SEBI Guidelines is 27th July, 2009 being the 30 days prior to 27th August 2009 (i.e. the 30th day prior to the date on which the meeting of the general body of shareholders is to be held, in terms of Section 81 (1A) of the Companies Act, 1956, to consider the proposed issue).
- (b) The Offer, Issue and Allotment of the aforesaid Shares shall be made within 15 days of the Annual General Meeting scheduled on 27th August 2009, provided that when the allotment on preferential basis is pending on account of pendency of any approval for such allotment by any regulatory authority including stock exchanges where the shares of the company are listed or the Central Government, the allotment shall be completed within 15 days from the date of receipt of such approval.
- (c) The Offer, Issue and Allotment of the aforesaid Equity shares shall be made at such time or times as the Board may in its absolute discretion decide.
- (d) The Board be and is hereby authorized to decide and approve the other terms and conditions of the issue of the Equity shares and also shall be entitled to vary, modify or alter any of the terms and conditions including the size of the issue, as it may deem expedient.
- (e) The Equity Shares shall be locked in for a period of one year from the date of their allotment, as per SEBI Guidelines.
- (f) The Board be and is hereby authorized to delegate all or any of the powers herein conferred by this resolution to Chairman, Managing director or any Director or Directors or to any Committee of Directors or any other officer or officers of the Company to give effect to the aforesaid resolution.”

“FURTHER RESOLVED THAT for giving effect to this Resolution, the Board be and is hereby authorized to do all such acts, deeds and things as the Board may, in its absolute discretion, consider necessary, expedient, usual, proper or incidental and to settle any question, remove any difficulty or doubt that may arise from time to time in relation to the offer, issue and allotment of the Equity Shares and the utilisation of the issue proceeds of the Equity Shares for a combination of part funding of the expenditure for expansion and support growth plans of the Company, Long Term Working Capital and for general corporate purposes and to prescribe the forms of application, enter into any agreements or other instruments, and to take such actions or give such directions as may be necessary or desirable and to obtain any approvals, permissions, sanctions which may be necessary or desirable, as they may deem fit.”

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:
“RESOLVED THAT pursuant to Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 (“Act”) (including any statutory modification or enactments thereof for the time being in force) and in accordance with the guidelines, rules and regulations of the Securities and Exchange Board of India (SEBI) [including the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997], the Listing Agreement entered with the Stock Exchange where the shares of the Company is listed, the Reserve Bank of India, the Government of India and the enabling provisions of the Memorandum and Articles of Association of the Company and subject to such terms, conditions and modifications as may be considered appropriate and approved by the Board of Directors of the Company (hereinafter referred to as ‘the Board’ which expression shall include any committee thereof for the time being to which all or any of the powers conferred on the Board by this resolution may have been delegated) and subject also to such approvals, consents, permissions or sanctions (including any conditions thereof or modifications to the terms contained therein) if any, required of the appropriate authorities including Stock Exchange and SEBI and such terms and conditions, if any, as may be prescribed while granting such consents, approvals, permissions and sanctions which may be agreed to by the Board, the Board be and is hereby authorized to offer, issue and allot in one or more tranches and on such terms and conditions as may be deemed appropriate by the Board by way of preferential allotment upto 10,50,000 Equity shares of Rs.10/- each of the Company for cash at a price of Rs.20/- Per Share (including a premium of Rs.10/- per share), ranking *pari passu* in all respects including as to dividend, with the existing Equity Shares of the Company (the “Shares”) to the promoters and / or their nominees either through conversion of existing loans into Equity or for cash contribution by way of private placement of preferential allotment of shares on such other terms and conditions, as the Board may deem appropriate in its absolute discretion.”

“FURTHER RESOLVED THAT the Equity shares allotted in terms of this resolution shall rank *pari passu* in all respects including dividend with the existing equity shares.

- a) The relevant date for the purpose of pricing of the issue of the Equity Shares in accordance with SEBI Guidelines is 27th July, 2009 being the 30 days prior to 27th August 2009 (i.e. the 30th day prior to the date on which the meeting of the general body of shareholders is to be held, in terms of Section 81 (1A) of the Companies Act, 1956, to consider the proposed issue).
- b) The Offer, Issue and Allotment of the aforesaid Shares shall be made within 15 days of the Annual General Meeting scheduled on 27th August 2009, provided that when the allotment on preferential basis is pending on account of pendency of any approval for such allotment by any regulatory authority including stock exchanges where the shares of the company are

listed or the Central Government, the allotment shall be completed within 15 days from the date of receipt of such approval.

- c) The Offer, Issue and Allotment of the aforesaid Equity shares shall be made at such time or times as the Board may in its absolute discretion decide.
- d) The Board be and is hereby authorized to decide and approve the other terms and conditions of the issue of the Equity shares and also shall be entitled to vary, modify or alter any of the terms and conditions including the size of the issue, as it may deem expedient.
- e) The Equity Shares shall be locked in for a period of three years from the date of their allotment, as per SEBI Guidelines.
- f) The Board be and is hereby authorized to delegate all or any of the powers herein conferred by this resolution to Chairman, Managing director or any Director or Directors or to any Committee of Directors or any other officer or officers of the Company to give effect to the aforesaid resolution."

"FURTHER RESOLVED THAT for giving effect to this Resolution, the Board be and is hereby authorized to do all such acts, deeds and things as the Board may, in its absolute discretion, consider necessary, expedient, usual, proper or incidental and to settle any question, remove any difficulty or doubt that may arise from time to time in relation to the offer, issue and allotment of the Equity Shares and the utilisation of the issue proceeds of the Equity Shares for a combination of part funding of the expenditure for expansion and support growth plans of the Company, Long Term Working Capital and for general corporate purposes and to prescribe the forms of application, enter into any agreements or other instruments, and to take such actions or give such directions as may be necessary or desirable and to obtain any approvals, permissions, sanctions which may be necessary or desirable, as they may deem fit."

8. To consider and if thought fit, to pass, with or without modification (s), the following resolution as a Special Resolution.

"RESOLVED THAT pursuant to the provisions of Section 21 and other applicable provisions, if any, of the Companies Act 1956 and subject to the approval of the Registrar of Companies, Andhra Pradesh and subject to such approvals as may be required from time to time the consent of the members is hereby accorded for the change in the name of the Company from "LN POLYESTERS LIMITED TO LN INDUSTRIES LIMITED" or such other name as may be approved by the Registrar of Companies, Andhra Pradesh".

FURTHER RESOLVED THAT after obtaining the requisite approvals of the change in name, the Board of Directors are hereby authorised to effect the changes, including but not limited to, in the letter heads, bills, invoices and other stationery used by the Company, name plates, registrations with Government Authorities, Common Seal of the Company".

"FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to do all such things and execute all such deeds and documents as may be necessary for giving effect to the above resolution".

for and behalf of the Board.

Place: Hyderabad.
Date: 29th July, 2009.

S. MAN MOHAN RAO
Chairman.

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIM SELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE SHOULD BE DULY STAMPED, COMPLETED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE AFORESAID MEETING.
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed herewith.
3. Members / Proxies should fill in the Attendance Slip for attending the Meeting.
4. Shareholders are requested to bring their copy of Annual Report to the Meeting.
5. M/s. Kumar and Giri, Chartered Accountants, the Statutory Auditors of the Company has certified that the above preferential issues are in accordance with prescribed SEBI (Disclosure and Investor Protection) Guidelines, 2000 on preferential issues. The Certificate, the Memorandum & Articles of Association of the Company and other documents referred to in the proposed resolution are open for inspection at the Registered Office of the Company during working hours between 11.00 a.m. and 1.00 p.m., except on holidays up to the date of the Annual General Meeting.
6. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
7. The Register of members and transfer books of the Company will be closed from the 24th August 2009 to 27th August 2009, (both the days inclusive).

for and behalf of the Board.

Place: Hyderabad.
Date: 29th July, 2009.

S. MAN MOHAN RAO
Chairman.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956:

Item No. 5:

The Company is in the process of consolidation of its operations. The funds already raised or to be raised from the proposed issue of Equity Shares has been / will be utilized for part funding of the expenditure for expansion and support growth plans of the Company, for long term working capital and general corporate purposes including retirement of part of Loans. To infuse the further funds, the present authorized share capital of the Company has to be increased from Rs.21,00,00,000/- to Rs.25,50,00,000/- to enable the further issue of Equity Shares.

Amendment to the Capital Clause to the Memorandum of Association requires the approval of members by the way of Ordinary Resolution. Hence this resolution is placed before you for approval.

None of the Directors is in any way concerned or interested in the said resolution.

Item No. 6 & 7:

The Company is in the process of consolidation of its operations. The funds already raised or to be raised from the proposed issue of Equity Shares has been / will be utilized for a combination of part funding of the expenditure for expansion and support growth plans of the Company, for long term working capital and general corporate purposes including retirement of part of Loans. Your Board in its meeting held on 29th July ' 2009 subject to the approval by the shareholders in General Meeting, receipt of requisite corporate and statutory approvals, negotiations and execution of appropriate documentation by the parties and fulfillment of the conditions mentioned therein, has proposed to offer for subscription by way of preferential allotment up to 52,50,000 and 10,50,000 Equity shares of Rs.10/- each of the Company for cash at a price of Rs.20/- Per share (i.e., at a premium of Rs.10/-) to the investors and/or their nominees and Promoters and/or their nominees respectively either by way of conversion of existing loans or cash contributions as the case may be. The Equity Shares shall rank *pari passu* with all the existing shares of the Company in all respects including as to dividend.

Pursuant to Section 81 (1A) of the said Act, the further shares may be offered by the Company to such persons in the manner whatsoever, if a special resolution to that effect is passed by the Company in General Meeting. The proposed special resolution is designed to comply with the requirements of Section 81 (1A) of the Act in the context of issue and allotment of the Shares.

Accordingly, the consent of the shareholders is being sought pursuant to the provisions of Section 81 (1A) and other applicable provisions of the Act, Chapter XIII of the SEBI (Disclosure and Investor Protection) Guidelines, 2000, and in terms of the provisions of the Listing Agreement to issue and allot Equity Shares as stated in the Special Resolution.

A copy of the certificate from M/s. Kumar & Giri Chartered Accountants, Hyderabad, Statutory Auditors of the Company, certifying that the issue of shares is being made in accordance with the requirements of the SEBI Guidelines, shall be placed before the shareholders at the Annual General Meeting and is available for inspection of members at the registered office of the Company between 11.00 a.m. to 1.00 p.m. except on holidays upto the date of the Annual General Meeting.

The issue price computed on the basis of the SEBI Guidelines comes to Rs.18.54/- per share. As against this, the shares are proposed to be issued at Rs.20/- per share.

Disclosures required to be made in the Explanatory Statement pursuant to the provisions of the SEBI (Disclosures and Investors Protection) Guidelines, 2000 (the SEBI Guidelines) are set out below:

I. The object of the issue through preferential offer:

The funds already raised or to be raised from the proposed issue of Equity Shares has been / will be utilized for a combination of part funding of the expenditure for expansion, support growth plans of the company, long-term working capital and general corporate purposes including retirement of part of Loans. The issue and allotment of Equity Shares by way of preferential allotment to some of the investors and promoters is on account of conversion of existing loan into Equity Shares of the Company or cash contribution as the case may be. Hence, there will be no fresh cash inflow to that extent on account of issue & allotment of Equity Shares to some of the investors / promoters on account of conversion of existing loans into equity.

II. Intention of the Promoters/Directors/Key management persons to subscribe to the offer:

The Promoters are subscribing to the offer for replenishing the eroded network of the company and enabling the Company for its expansion, support growth plans and working capital requirements etc. It is proposed to issue Equity Shares under the Preferential Issue to Investors as per the details given herein below:

Name of the Proposed subscriber Category - Non Promoter	Pre Issue		Post Issue		
	No. of Shares held	0% holding	No. of Shares held	0% holding	Lock-in Period
Mr. K.C. Venkateswarlu	12,00,000	8.16%	20,50,000	9.76%	1 year
Mr. Shailesh Somabhai Patel	0	0.00%	8,00,000	3.81%	1 year
Mrs. Nita Shaileshbhai Patel	0	0.00%	8,00,000	3.81%	1 year
Mrs. Kapilaben Somabhai Patel	0	0.00%	8,00,000	3.81%	1 year
Mr. D. Srinivasa Rao	0	0.00%	3,00,000	1.43%	1 year
Mrs. K. Vasanthi	0	0.00%	14,00,000	6.67%	1 year
Mr. Rajeev Gulgule	0	0.00%	50,000	0.24%	1 year
Mr. Praful Gulgule	0	0.00%	50,000	0.24%	1 year
Mr. Narendra Chadda	0	0.00%	25,000	0.12%	1 year
Mrs. Monica Chadda	0	0.00%	25,000	0.12%	1 year
Mr. Kabir Chadda	0	0.00%	25,000	0.12%	1 year
Mr. Prakash Chand Mishra	0	0.00%	25,000	0.12%	1 year
Mr. T. Venkateswara Prasad	0	0.00%	50,000	0.24%	1 year
M/s. Nariman Point Finance Ltd.	0	0.00%	50,000	0.24%	1 year
Sub Total	12,00,000	8.16%	64,50,000	30.73%	1 year
Category - Promoter					
Sri S. Man Mohan Rao	14,75,010	10.03%	25,25,010	12.02%	3 years
Sub Total	14,75,010	10.03%	25,25,010	12.02%	3 years
Grand Total	26,75,010	18.19%	89,75,010	42.75%	

The existing promoters and management team will continue to remain in the management. Further, the composition of the present Board of Directors is not expected to undergo any change.

III. Shareholding pattern before and after the offer on allotment of Equity shares:

Shareholding pattern before and immediately upon the allotment of 63,00,000 Equity shares on a fully diluted basis pursuant to the offer:

Particulars	Existing Shareholding		Shareholding after proposed allotment of Equity Shares	
	No. of Equity Shares held	% age	No. of Equity Shares	% age
A. PROMOTERS HOLDING				
Indian Promoters	64,06,420	43.58%	74,56,420	35.50%
Persons acting in concert	0	0	0	0
Foreign Promoters	0	0	0	0
Sub Total - A	64,06,420	43.58%	74,56,420	35.50%
B. NON PROMOTERS HOLDING				
Mutual funds and UTI	0	0	0	0
Banks/financial Institutions/ Insurance Company	2,900	0.02%	2,900	0.01%
Foreign Institutional Investors	0	0	0	0
Private Bodies Corporate	3,12,027	2.12%	3,12,027	1.49%
NRIs / OCBs	3,98,800	2.71%	3,98,800	1.90%
Indian Public-Including new investors Others-clearing Member & Trust)	75,80,753	51.57%	1,28,30,753	61.10%
Sub Total - B	82,94,480	56.42%	1,35,44,480	64.50%
Grand Total	1,47,00,900	100.00%	2,10,00,900	100.00%

IV. Proposed time within which the allotment shall be completed:

The allotment of Equity Shares is proposed to be completed within a maximum period of 15 days from the date of passing of the resolution at the Annual General Meeting, provided that when the allotment on preferential basis is pending on account of pendency of any approval for such allotment by any regulatory authority including stock exchangers where the shares of the company are listed or the Central Government, the allotment shall be completed within 15 days from the date of receipt of such approval.

V. Identity of the proposed allottee and the percentage of post preferential issue capital that may be held by them:

Name of the Allottees	Existing Holdings		Shareholding after the allotment	
	No. of Shares	%	No. of Shares	%
Mr. K.C. Venkateswarlu	12,00,000	8.16%	20,50,000	9.76%
Mr. Shailesh Somabhai Patel	0	0.00%	8,00,000	3.81%
Mrs. Nita Shaileshbhai Patel	0	0.00%	8,00,000	3.81%
Mrs. Kapilaben Somabhai Patel	0	0.00%	8,00,000	3.81%
Mr. D. Srinivasa Rao	0	0.00%	3,00,000	1.43%
Mrs. K. Vasanthi	0	0.00%	14,00,000	6.67%
Mr. Rajeev Gulgule	0	0.00%	50,000	0.24%
Mr. Praful Gulgule	0	0.00%	50,000	0.24%
Mr. Narendra Chadda	0	0.00%	25,000	0.12%
Mrs. Monica Chadda	0	0.00%	25,000	0.12%
Mr. Kabir Chadda	0	0.00%	25,000	0.12%
Mr. Prakash Chand Mishra	0	0.00%	25,000	0.12%
Mr. T. Venkateswara Prasad	0	0.00%	50,000	0.24%
M/s. Nariman Point Finance Ltd.	0	0.00%	50,000	0.24%
Sub Total	12,00,000	8.16%	64,50,000	30.73%
Category - Promoter				
Sri S. Man Mohan Rao	14,75,010	10.03%	25,25,010	12.02%
Sub Total	14,75,010	10.03%	25,25,010	12.02%
Grand Total	26,75,010	18.19%	89,75,010	42.75%

Issue of further Equity Shares to persons other than the existing shareholders requires the approval of members by way of a Special Resolution. Hence this resolution is placed before you for approval.

None of the Directors of the company except Sri S. Man Mohan Rao and Sri K.C. Venkateswarlu is concerned or interested in the said resolution.

Item No. 8

The Management of your Company has decided to diversify into other areas of business including manufacturing of metals and minerals and mining activities and accordingly the main objects were amended after obtaining the approval of members in the 15th Annual General Meeting held on 22nd November, 2008.

The management of your company thought it fit to change the name of the Company to reflect the diversified activities and accordingly proposing to change the name of the Company from "LN POLYESTERS LIMITED" to "LN INDUSTRIES LIMITED" or such other name as may be approved by the Registrar of Companies, Andhra Pradesh". Approval of the members was sought at the previous Annual General Meeting held on 22nd November, 2008, however the resolution has not been acted upon. Since the earlier resolution has lost its validity, the Board of Directors thought it fit to obtain the approval of members once again for the proposed change in name of the Company.

Change in the name of the Company requires the approval of members by way of Special Resolution. Hence this resolution is placed before your approval.

None of the Directors is concerned or interested in the said resolution.

for and behalf of the Board.

Place: Hyderabad.
Date: 29th July, 2009.

S. MAN MOHAN RAO
Chairman.

DIRECTORS REPORT

Dear Share Holders,

Your Directors have pleasure in presenting the 16th Annual Report and the Audited Statement of Accounts of the Company for the 9 (Nine) Months Period Ended 31st March 2009.

FINANCIAL RESULTS

(Rs. In Lakhs)

Sl. No.	Particulars	9 Months Ended 31st March 2009	15 Months Ended 30th June 2008
1.	Net Income from Operations	1,615.78	3,049.72
2.	Gross Profit (before Finance Charges, Depreciation & Taxation)	13.36	247.52
3.	Less : Finance Charges	321.85	468.90
4.	Less : Depreciation	182.32	246.27
5.	Profit / (Loss)	(490.81)	(467.65)

OPERATIONS :

During the year, process of shifting the facilities to Silvassa & Vapi and stabilization of the production process was completed. Though the Company is geared up fully to utilize the capacities of production optimally, the operations of the Company have suffered significantly on account of the paucity of working capital facilities.

The Company had to suffer significant losses on account of lower utilization of the capacities of production resulting in under recovery of the overheads. The Company has successfully negotiated with one of the term lenders viz., IDBI Bank Limited (IDBI), for restructuring of the various loans payable by the Company. The Company is negotiating with its working capital bankers for release of adequate working capital limits for the Company so as to enable it to undertake operations at optimal levels. In spite of the fact that there has been disruption of marketing schedules due to the lower production levels, the Company continues to hold its brand name of its products successfully in the markets. The Company plans to capitalize on the capacities of the facilities in immediate future.

The Real Estate Development activity on the land given by the Company on Development could not commence due to the general downturn in the Realty Industry and also pending the receipt of various regulatory approvals for the same including from the Lenders.

MARKETING:

The Demand for the Company's products continues to grow both at Domestic as well as Overseas Markets. The Company during the year could not meet the market demands due to its below normal operations of the production facilities. The Company is undertaking measures to strengthen the Domestic Market Network and enhance the spread in the Overseas Market. The Company is confident that with the present enhanced manufacturing capacities it would be able to increase its market share.

FIXED DEPOSITS:

The Company has not accepted any Fixed Deposit within the meaning of Section 58A of the Companies Act, 1956, and Rules made there under.

BOARD OF DIRECTORS:

During the year under review one of the Lenders of the Company IDBI Bank Limited (IDBI), has nominated Sri.A.Mallikarjun, as its Nominee on the Board of the Company with effect from 21st February ' 2009, in the place of Smt.P R Girija, who ceased to be a Director w.e.f. 21st February ' 2009.

Sri.K C Venkateswarlu and Sri.K V Chandrasekhara, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointments.

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, the Board of Directors confirms:

- (i) that in the preparation of the Annual Account for the Financial Year Ended 31st March ' 2009, the applicable accounting standards had been followed along with proper explanation relating to material departure's;
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgment and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the year under review;

- (iii) 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, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) that the Directors had prepared the accounts for the Financial Year ended 31st March '2 009, on a "going concern basis".

AUDITORS:

M/s. Kumar & Giri, auditors of the Company hold office till the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The Company has received a letter from M/s. Kumar & Giri to the effect that their appointment as Auditors if made would be within the limits under Section 224 (1-B) of the Companies Act, 1956.

PERSONNEL:

There are no employees in the Company whose particulars are required to be given pursuant to section 217 (2A) of the Companies Act, 1956.

REPLIES TO QUALIFICATIONS MADE BY THE AUDITORS:

Clause (ix) (b) of Annexure to the Auditors Report:

As on date an amount of RS.170.66 Lacs is outstanding towards Sales Tax Deferment. The Company was granted time by Sales Tax Departments for payment of the same.

Clause (xi) of Annexure to the Auditors Report:

The Company is in the process of negotiation with Industrial Investment Bank of India Limited (IIBI) for the reduction of One Time Settlement (OTS) amount earlier agreed upon.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE:

Information in accordance with the provisions of Section 217 (e) of the Companies (Disclosure of Particulars in the Report of Board Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the annexure forming part of this report.

COMPLIANCE CERTIFICATE:

The Company has complied with the provision of Corporate Governance under listing agreement.

A Certificate from the auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under clause 49 of the Listing agreement is attached to this report.

ACKNOWLEDGEMENT:

Your Directors place on record their appreciation for the continuous support, assistance extended by all the Government Authorities, Financial Institutions Viz., IDBI Bank Limited, Industrial Investment Bank Of India, Company Banker's State Bank of Hyderabad, Consultants, Shareholders and the dedicated and sincere services rendered by the employees of the Company.

on behalf of the Board of Directors.

Place: Hyderabad.
Date: 29th July, 2009

S. MAN MOHAN RAO
Chairman

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

A) CONSERVATION OF ENERGY:**a) Energy Conservation measures taken:**

- Installation of Load Capacitors at junctions in curtailing High Power Load.
- Installation of reduced horsepower motors in line with the load Requirement.
- Installation of efficient Air Handling Units.
- Close supervision on the usage of Coal, Electricity.

b) Additional investment and proposals, if any, being implemented for reduction of Consumption of energy:

- Installation of "Air Washers" for reducing consumption of Power.

c) Impact of measures at (a) and (B) above for reduction of Energy consumption and consequent impact on the cost of Production of goods.

- Installation of "Air Washers" has resulted in reduction in Consumption of power.