



18th
ANNUAL REPORT
2010 - 2011
(October 2010 to March 2011)

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

BOARD OF DIRECTORS

Sri. G. SURENDER REDDY
Sri. K C VENKATESWARLU
Sri. S. SRIDHAR
Sri SHAILESH SHIVRAM MISTRY
Sri G. RAMESH BABU

Managing Director
Director
Director
Director
Director

Registered Office:

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

Works:

- | | |
|--|---|
| 1) Plot No.186,
Second Phase,
G I D C,
VAPI – 396 195.
GUJARAT. | 2) Survey No.16/1,
Rakholi,
Silvassa – 396230,
Dadra and Nagar Havele,
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. | 2) I D B I Bank Limited,
Chapel Road,
P B No. 370,
HYDERABAD – 500 001. |
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NOTICE

Notice is hereby given that the ***Eighteenth Annual General Meeting*** of the members of **LN INDUSTRIES INDIA LIMITED** (Formerly known as LN POLYESTERS LIMITED) will be held on Friday the **30th of September, 2011 at Swagath-De-Royal**, Kondapur X Roads, Madhapur, Hyderabad – 500 080, at **3 : 30 P. M.**, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Audited Balance Sheet of the Company as at 31st March, 2011 and the Profit and Loss account for the Period ended on that date together with the schedules and notes thereon and the Directors' and Auditor's Report thereof.
2. To consider and appoint Sri.K.C.Venkateswarlu who retires by rotation and being eligible offers himself for reappointment.
3. To consider and appoint M/s.Kumar & Giri, Chartered Accountants as Statutory Auditors of the Company to hold office until the conclusion of next Annual General Meeting at such remuneration as may be decided by the Board of Directors.

SPECIAL BUSINESS:

4. To Consider and if thought fit to pass the following Resolution with or without modification(s) as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 257 read with Section 255 & 256 and other applicable provisions, if any, of the Companies Act, 1956 and pursuant to Regulation 96 of the Articles of Association of the Company Sri.G.Ramesh Babu be and is hereby appointed as Director to liable to retire by rotation.”

**By order of the Board
for LN INDUSTRIES INDIA LIMITED**

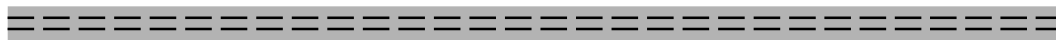
Place: Hyderabad.

Date: 27.08.2011.

**G. SURENDER REDDY
Managing Director**

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/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE VALID AND EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.**
- 2 Pursuant to the provisions of Section 154 of the Companies Act, 1956, the Register of Members and Share Transfer Books of the Company will remain closed from 24th September, 2011 to 30th September, 2011 (both days inclusive).
- 3 Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed herewith.
- 4 Members holding shares in physical form are requested to intimate the change, if any, in their Registered Address to the Company quoting their Registered Folio.



If the shares are held in Demat form, intimation regarding the change of address, if any, has to be notified to the concerned Depository Participant where the Shareholder is maintaining the Demat Account.

- 5 Members / Proxies should bring the Attendance slips duly filled in for identification for attending the meeting.
- 6 Members desiring any information on the Accounts are requested to write to the Company at least one week before the Meeting so as to enable the Management to keep the information ready. Replies will be provided only at the Meeting.

PROFILE OF DIRECTORS RETIRING BY ROTATION AND BEING APPOINTED AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT:

PROFILE OF SRI. K.C.VENKATESWARLU:

Sri. K. C. Venkateswarlu, is aged 51 years is a Bachelor of Arts. He has extensive expertise in Finance, Real Estate and Infrastructure Development. He is presently overseeing the Company's Land Development.

PROFILE OF SRI G. RAMESH BABU:

Sri G. Ramesh Babu, is aged 41 years is a Post Graduate in Commerce and he has 18 years of Managerial experience in the areas of finance and accounting. The industry exposure includes Software Services, Hospitality and Manufacturing.

EXPLANATORY STATEMENT AS REQUIRED UNDER THE PROVISIONS OF SECTION 173 (2) OF THE COMPANIES ACT, 1956:

Item No. 4:

Sri.G.Ramesh Babu was appointed as Additional Director of the Company with effect from 7th May, 2011 and holds office till the date of the ensuing Annual General Meeting. The management is of the opinion that continuation of Sri.G.Ramesh Babu as Director would immensely benefit the Company. The Company has received a notice from the member of the Company along with a deposit of Rs.500/- under Section 257 of the Companies Act, 1956 proposing the appointment of Sri.G.Ramesh Babu as Director of the Company liable to retire by rotation.

Appointment of Sri.G.Ramesh Babu as Director liable to retire by rotation requires the approval of members by way of Ordinary Resolution. Hence this resolution is placed before you for approval

None of the Directors other than Sri.G.Ramesh Babu is concerned or interested in this resolution.

**By order of the Board
For LN INDUSTRIES INDIA LIMITED.**

**Place: Hyderabad.
Date: 27.08.2011.**

**G. SURENDER REDDY.
Managing Director.**

DIRECTORS REPORT

Dear Share Holders,

Your Directors have pleasure in presenting the **18th Annual Report** and the Audited Statement of Accounts of the Company for the 6 (Six) Months Period Ended 31st March '2011.

FINANCIAL RESULTS:

(Rs. In Lakhs)

Sl. No.	Particulars	6 Months Ended 31st March 2011	18 Months Ended 30th Sep 2010
1.	Net Income from Operations	7,460.10	4,139.77
2.	Gross Profit (before Finance Charges, Depreciation, Taxation & Extraordinary Items)	662.07	213.13
3.	Less : Finance Charges	212.46	263.55
4.	Less : Depreciation	115.05	347.77
5.	Less : Provision for Taxation	101.20	0.00
6.	Add : Extraordinary items -		
	Written Back on OTS / Restructuring	0.00	2083.89
7.	Profit / (Loss)	233.36	167.14

OPERATIONS:

During the year the name of the Company is changed from LN Polyesters Limited to "LN INDUSTRIES INDIA LIMITED". The initiative of the Company of venturing in to trading activity in the textiles segment has been encouraging. The Company has during the year issued fully convertible warrants in terms of the approval accorded by the members at the AGM held on 20th November'2010 to fund the diversification and growth plans of the Company. In terms of the said issue of the convertible warrants the Company has allotted 7,43,07,050 equity shares of Rs.10/- each at a premium of Rs.12/- each. The Company would be channelizing the resources mobilized through the said issue for the growth plans of the Company in the ensuing periods. The conversion works undertaken by the Company for the Reliance Industries Limited for the manufacture of the Dyed yarn been registering consistent growth. The real estate development on the land belonging to the Company at Hyderabad has not commenced yet.

MARKETING:

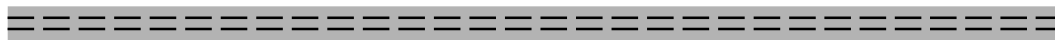
The products dealt by the Company have been witnessing a healthy growth both in the domestic and international markets. There has been stability in the prices of the products marketed by the Company in the various markets it operates. The Company with an enhanced product portfolio has drawn up a detailed plan of expansion of its market reach both in India and overseas which is being rolled out at present.

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 Sri.K.C.Venkateswarlu, Director of the Company is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment.



During the year under review Sri.S.Man Mohan Rao, resigned as the Director and Chairman of the Company due to his pre occupations. The Board places on record its appreciation for the services rendered by him during his tenure as the Director of the Company.

During the year under review Sri.Sadashiv Sawrikar and Sri.K.V.Chandrasekhara resigned as Directors of the Company due to their pre occupations. The Board places on record its appreciation for the services rendered by them during their tenure as the Directors of the Company.

IDBI Bank Limited withdrew the nomination of Sri.A.Mallikarjun as Nominee Director of the Company consequent to the assignment of debt due to IDBI Bank Limited to JM Financial Asset Reconstruction Company Private Limited.

Sri.Dhanunjaya Kumar Alla and Sri.G.Ramesh Babu were appointed as Additional Directors of the Company with effect from 7th May, 2011 and hold office till the date of ensuing Annual General Meeting.

However, Sri.Dhanunjaya Kumar Alla resigned as the Director of the Company owing to his personal reasons. The Company has received notice from a member proposing Sri.G.Ramesh Babu for appointment as a Director of the Company.

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 ' 2011, 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 at the end of the financial year and of the profit of the Company for that period;
- (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 ' 2011, on a "going concern basis".

AUDITORS:

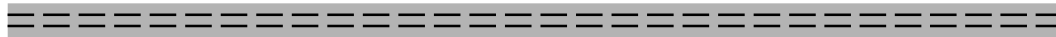
M/s. Kumar & Giri, Statutory Auditors of the Company hold office till the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The Company has received a letter from M/s. Kumar & Giri to the effect that their appointment as Auditors if made would be within the limits under 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:

- a) "The Company has shifted its original manufacturing locations from Patancheru, Hyderabad, Andhra Pradesh to Silvassa and Vapi in Gujarat. After the relocation of the manufacturing locations the Factory Buildings at Patancheru are remaining un-utilised. The land on which the said factory building is located is given for real estate development, though the same has not commenced yet. On account of the same no provision for impairment of the said asset is made. The provision for the impairment in the value of the



Factory Building would be made once the factory building is completely demolished on the commencement of the real estate development activity in term of the agreement of the development entered into by the company on the land on which factory building is situated".

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT 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 as required under the provisions of Clause 49 of the 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
for LN INDUSTRIES INDIA LIMITED**

**Place: Hyderabad.
Date: 27.08.2011**

**G. SURENDER REDDY
Managing Director**

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:

- Realignment of the pipelining for the boiler resulting in the saving of the consumption of energy.

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

- Their has been an improvement in the quality of steam produced and used in the Boiler resulting in the saving of the consumption of energy .

d) Total energy consumption and energy consumption per unit of production as per Form – A.			
		2010 - 2011	2009 - 2010
		(6 Months)	(18 Months)
1. Electricity:			
a) Purchased:			
Units		23,15,536	70,83,024
Total Amount	Rs.	96,24,638/-	3,11,75,986/-
Rate Per Unit	Rs.	4.16	4.40
b) Own Generation:			
i) Through Diesel Generator			
Units		0.00	18,941
Units Per Ltr.of Diesel		0.00	2.85
Rate Per Unit	Rs.	0.00	14.00
ii) Through Steam turbine / Generator:			
Units			
Units Per Ltr. Of Fuel Oil / Gas		Nil	Nil
Rate Per Unit			
2. Coal for Boiler:			
Quantity (Tons)		740.215	2,052.376
Total Cost	Rs.	34,62,101/-	1,02,86,821/-
Average Rate Per Ton	Rs.	4,677/-	5,012/-
3. Furnace Oil:			
Quantity (K.Ltrs.)			
Total Cost		NIL	NIL
Average Rate			
4. Others / internal generation (please give details):			
Quantity ()			
Total Cost		NIL	NIL
Rate Per Unit			
A) Consumption per unit of production:			
Particulars		2010 - 2011	2009 - 2010
		(6 Months)	(18 Months)
Products (with details) Units:			
Dyed Yarn Production (MT)		928.04	2,149.20
Electricity (Purchased) / MT	Rs.	10,371/-	14,506/-
Coal / MT	Rs.	3,731/-	4,786/-

II. TECHNOLOGY ABSORPTION:

Efforts made in technology absorption as per Form – B

- a) Research & Development (R & D)

Specific Areas:

The Company's initiatives resulted in the development of the new products targeting specific market segments and also resulted in the increased satisfaction to the Customers in form of superior quality.

Benefits Derived:

The Products have been well accepted by the Consumers. The new products are successfully positioned in the market.

Plan of Action:

Higher Focus on Research and Development to improve productivity and higher range of product mix.

b) Technology Absorption, Adoption and Innovation:

The Company has continuous interaction with the Manufactures / Suppliers of Machinery and is seeking and upgrading its equipment as and when required and also development of new product range is initiated in close coordination with manufacturers of Dyes and Chemicals.

III. Foreign Earnings and Outgo:

			2010 - 2011 (6 Months)	2009 - 2010 (18 Months)
Earnings	::	Rs.	0.00 Lacs	205.11 Lacs
Outgo	::	Rs.	76.88 Lacs	79.33 Lacs

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To,

**The Board of Directors
LN Industries India Limited,**

We have reviewed the implementation of Corporate Governance procedures by LN Industries India Limited during the period ended 31st March ' 2011, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our review and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreements with the stock exchanges have been complied with in all material respect by the Company and no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders / Investors Grievance Committee.

for KUMAR & GIRI.
Chartered Accountants
FRN 01584S

J. Bhadra Kumar.
Partner.
M. No.025480.
Date: 27th August ' 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS:

The Company is engaged in the manufacture of Texturized Twisted Polyester Dyed Yarn and Nylon Dyed Yarn. It has also significant presence in the trading of various textile products.

One of the major finished products of the Company Polyester Dyed Yarn is used in the manufacturing of Dress Materials, Sarees, Shirting, Suiting and Furnishing Fabrics. Another product Nylon Dyed Yarn is used in the manufacture of Socks, Sports Gear etc.,

The industry offers significant leverage to the Company for scaling up its operations both in terms of the higher volumes of the existing products as well as the scope for setting up new and enhanced facilities which can facilitate back ward integration for the present product line of the Company. Because of the products application and utility across the wide spectrum of the users segment, offers significant opportunities for growth.

REVIEW OF OPERATIONS:

Company has during the period processed materials to the tune of 928 MT's including undertaking job works for the Reliance Industries Limited. The capacities of production of the Company are being improved considering the surge in the demand for the products.

The Company has during the period successfully commenced the trading in textile products.

Considering the growing product profile of the Company and the diverse business verticals including the real estate development and back ward integrations in textile lines the name of the Company is changed from LN POLYESTERS LIMTIED to LN INDUSTRIES INDIA LIMITED

The Company has issued fully convertible Equity Warrants during the period on preferential basis to the investors to fund the growth needs of the Company.

FINANCIAL REVIEW:

The Company has during the year has curtailed the cash losses by achieving a turnover of Rs.7,460 Lakhs.

Consequent upon the settlement of the dues with Financial Institutions during the earlier years the interest cost on the Company has come down significantly during the current period resulting in increased profitability. Significant reduction in the interest cost which has resulted in the increased net profit. The contribution levels have also increased resulting in the Company achieving a Gross Profit (Earnings before Interest, Deprecation & Taxes) of Rs.662 Lakhs.

The Company has during the year added new and value added machinery in the production line to enhance the product portfolios by incurring a capital expenditure of Rs.219 Lakhs.

The paid up Equity Share Capital as at 31st March '2011 stood at Rs.8,925.80 Lakhs.

Earning per share for the period was at Rs.1.56.

The Company's contribution to the national exchequer in the form of various taxes and duties amounts to Rs.19 Lakhs.