



21st

ANNUAL REPORT

2013 - 2014

Plot No.32, Flat No.302, Vijaya Enclave,
Srinagar Colony, HYDERABAD – 500 073.

BOARD OF DIRECTORS

Sri. G. SURENDER REDDY
Sri G. RAMESH BABU
Sri SHAILESH SHIVRAM MISTRY
Sri L. MADHU KUMAR REDDY
Sri. G. LAXMA REDDY

Managing Director
Director (upto 29th May 2014)
Director
Director
Director (from 29th May 2014)

Registered Office:

Plot No. 32, Flat No. 302,
Vijaya Enclave, Srinagar Colony,
HYDERABAD – 500 073.
Tele : 040 - 23542871
Email : Inpolyester@yahoo.com

Works:

- 1) Plot No. 186,
Second Phase,
G I D C,
VAPI - 396 195
GUJARAT
2. Plot No.1/D,
Sarigam Industrial Estate,
Nargol Char Rashta, GIDC,
SARIGAM - 396 155
GUJARAT.

Auditors:

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

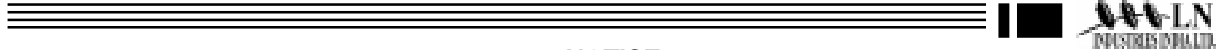
Physical and Demat Registrars :

Venture Capital and Corporate Investments Pvt. Limited

12-10-167
Bharat Nagar Colony
Hyderabad – 500018
Tel: 040-23818475 / 76
Fax: 91-40-23868024 email: info@vccilindia.com

Bankers:

- 1) State Bank of Hyderabad,
Overseas Branch,
Somajiguda,
HYDERABAD – 500 082.



NOTICE

Notice is hereby given that the Twenty First Annual General Meeting of the members of LN INDUSTRIES INDIA LIMITED will be held on Tuesday the 30th day of September'2014 at Swagath De-Royal, Kondapur X Roads, Cyberabad, Hyderabad – 500 084, at 09 : 30 A.M., to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Financial Statements as on 31st March, 2014 together with the schedules and notes thereon and the Directors' and Auditor's Report thereof.
2. To appoint a Director in place of Sri L. Madhu Kumar Reddy who retires by rotation at this Annual General Meeting and being eligible has offered himself for reappointment.
3. To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT M/s. Kumar & Giri, Chartered Accountants (Registration No. FRN 01584 S), be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at such remuneration as shall be fixed by the Board of Directors of the Company."

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 152 read with Companies (Qualification and Appointment of Directors) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013 and pursuant to Regulation 96 of the Articles of Association of the Company Mr. G. Laxma Reddy (DIN No. 06902285) be and is hereby appointed as Director of the Company liable to retire by rotation."

By order of the Board
for LN INDUSTRIES INDIA LIMITED

G. SURENDER REDDY
Managing Director
DIN : 00109441

Place: Hyderabad
Date: 30.08.2014

Registered Office: Plot No.32, Flat No.302, Vijaya Enclave,
Srinagar Colony, Hyderabad – 500 073.
Phone:04023542871,
Fax:04023551044
Email id: lnpolyester@yahoo.com
Website: www.lnindustriesindialimited.com
CIN:L18100TG1993PLC015268

NOTES:

- 1 A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PERSON ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY. IN CASE A PROXY IS PROPOSED TO BE APPOINTED BY A MEMBER HOLDING MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS, THEN SUCH PROXY SHALL NOT ACT AS PROXY FOR ANY OTHER MEMBER.
- 2 Pursuant to the provisions of Clause 16 of the Listing Agreement read with Section 91 of the Companies Act, 2013 the Register of Members and Share Transfer Books of the Company will remain closed from 24th September' 2014 to 30th September'2014 (both days inclusive).
- 3 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.

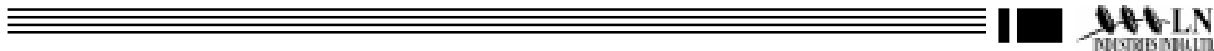
- 4 In accordance with Section 101 of the Companies Act, 2013 and Companies (Management and Administration) Rules, 2014, the Annual Report (Audited Financial Statements, Directors Report, Auditors Report etc.) is being sent to the shareholders in electronic form to the email address registered with their Depository Participant (in case of electronic shareholding) the Company's Registrar and Share Transfer Agents (in case of physical shareholding).

We, therefore request and encourage you to register your email ID in the records of your Depository Participant (in case of electronic holding) the Company's Registrar and Share Transfer Agents (in case of physical shareholding) mentioning your folio no. / demat account details.

However, in case you wish to receive the above shareholder communication in paper or, you may write to the Company's Registrar and Share Transfer Agents, Venture Capital and Corporate Investments Limited, 12 – 10 – 167, Bharat Nagar, Hyderabad – 500 018. Tele: 23818475, 23818476, 23868023, Unit: LN Industries India Limited, or send an email at mentioning your folio no. / demat account details.

The soft copy of the Annual Report 2013 – 2014 can also be downloaded from the company's websites i.e., www.lnindustriesindia.com & www.lnindustriesindialimited.com.

- 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.
7. **E-Voting:**
The Company is pleased to provide E-voting facility through Central Depository Services (India) Limited (CDSL) for all shareholders to enable them to cast their votes electronically on the items mentioned in this notice of the 21st Annual General Meeting of the Company. The voting rights of shareholders shall



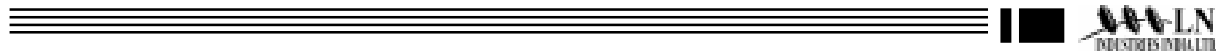
be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 1st of September, 2014.

The instructions for E-Voting are as under:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on “Shareholders” tab.
- (iii) Now, select the “COMPANY NAME” from the drop down menu and click on “SUBMIT”
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:-

	For Members holding shares in Demat Form and Physical Form
PAN*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> - Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. - In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> - Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.

- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.



- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
 - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) The voting period begins on 25th September, 2014 at 9.00 a. m., and ends on 26th September, 2014 at 6.00 p. m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.
 - I. The company has appointed N.Satyanarayana, a practicing Chartered Accountant, as the Scrutinizer who will collate the electronic voting process in a fair and transparent manner.
 - II. The Scrutinizer shall within a period not exceeding three working days from the conclusion of the e-voting period shall unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any forthwith to the Chairman of the Company.

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- III. The results shall be declared on or after the AGM of the Company. The results along with the Scrutinizer's report shall be placed on the Company's Website and the website of CDSL.

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

PROFILE OF SRI.L.MADHU KUMAR REDDY:

Sri.L.Madhu Kumar Reddy, is aged 56 years is Graduate in Commerce, and he has vast experience in project civil, administrative & liaison with Government Authorities.

PROFILE OF Mr.G.LAXMA REDDY:

Mr.G.Laxma Reddy, is aged 30 years is an Engineering Graduate, and has experience in the areas of Technical & Management.

STATEMENT AS REQUIRED UNDER THE PROVISIONS OF SECTION 101 (2) OF THE COMPANIES ACT, 2013:

Item No. 4:

Mr. G. Laxma Reddy was appointed as Additional Director of the Company with effect from 29th May '2014 and holds office till the date of the ensuing Annual General Meeting. The management is of the opinion that continuation of Mr.G.Laxma Reddy 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.1,00,000/- under Section 160 of the Companies Act, 2013 proposing the appointment of Mr.G.Laxma Reddy as Director of the Company liable to retire by rotation.

The Company has received from Mr. G. Laxma Reddy (i) Consent in Writing to act as Director in Form DIR – 2 pursuant to Rule 8 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and (ii) intimation in Form DIR – 8 in terms of Companies (Appointment and Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013.

Appointment of Mr. G. Laxma Reddy 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.

No director, key managerial personnel or their relatives, except Mr. G. Laxma Reddy and his relatives to whom the resolution relates is interested or concerned in the resolution.

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

Place: Hyderabad
Date: 30.08.2014

G. SURENDER REDDY.
Managing Director.
DIN : 00109441

Registered Office: Plot No.32, Flat No.302, Vijaya Enclave,
Srinagar Colony, Hyderabad – 500 073.
Phone:04023542871,
Fax:04023551044
Email id: Inpolyester@yahoo.com
Website: www.lnindustriesindialimited.com
CIN:L18100TG1993PLC015268

DIRECTORS REPORT

Dear Share Holders,

Your Directors have pleasure in presenting the 21st Annual Report and the Audited Statement of Accounts of the Company for the Year Ended 31st March '2014.

FINANCIAL RESULTS:

(Rs. In Lakhs)

Sl. No.	Particulars	For the year ended 31st March ' 2014	For the year ended 31st March ' 2013
1.	Net Income from Operations	310.30	1476.15
2.	Gross Profit/(Loss) (before Finance Charges, Depreciation, Taxation & Extraordinary Items)	(42.14)	250.78
3.	Less : Finance Charges	770.87	191.01
4.	Less : Depreciation	164.90	189.47
5.	Less : Provision for Taxation	0.00	0.00
6.	Less : Extraordinary Items	1859.09	151.35
	Profit / (Loss)	(2837.00)	(281.05)

OPERATIONS:

During the year the Company, operations are adversely effected due to low level of operations. During the year the Company has relocated its Dyeing facilities to Sarigam. The same also effected the production during the year. The volatile foreign exchange rates fluctuations have totally curtailed the Company export market. The fact that the entire south textile market was under the grip of erratic power supply has put the Company turnovers under strain. The Company is also venturing for enhancement of its product mix and the new markets and distributions in improving its turnovers and the Company performance stands to improve in the coming periods. The land development activity on the land belonging to the Company has not yet commenced during the year, owing to the state bifurcation tussle.

MARKETING:

The domestic markets where the Company's products are sold have not registered significant growth during the year. The Company with its proven quality products has been able to sustain its markets. The Company has identified new product mix, potential market areas for spreading its products range which are encouraging.

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.L.Madhu Kuamr Reddy, Director of the Company, Director of the Company is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment.

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 ' 2014, 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 ' 2014, 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:

Ref. No. (vii)

- a) The Company is taking effective steps to clear off the payables at the earliest.

Ref. No. (ix)

- b) The Company is in the process of mobilizing funds for repaying the loan outstanding to M/s.JM Financial Asset Reconstruction Company Private Limited.

Ref. No. (xi)

- c) The Company has initiated steps towards identifying Internal Auditors and also drawing the scope of the Internal Auditors.

CONSERVATION OF ENERGERY, 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., JM Financial Asset Reconstruction Company Private Limited, 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: 30-08-2014.

G. SURENDER REDDY
Managing Director
DIN : 00109441

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.

	2013 - 2014	2012 - 2013
1. Electricity:		
a) Purchased:		
Units	3,12,952	15,45,528
Total Amount	Rs. 28,86,806	92,62,295/-
Rate Per Unit	Rs. 9.22	5.99
b) Own Generation:		
i) Through Diesel Generator		
Units	0.00	0.00
Units Per Ltr.of Diesel	0.00	0.00
Rate Per Unit	Rs. 0.00	0.00
ii) Through Steam turbine / Generator:		
Units		
Units Per Ltr. Of Fuel Oil / Gas	Nil	Nil
Rate Per Unit		
2. Coal for Boiler:		
Quantity (Tons)	287.43	577.470
Total Cost	Rs. 16,48,677	32,33,385/-
Average Rate Per Ton	Rs. 5,736	5,599/-
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	2013 - 2014	2012 - 2013
Products (with details) Units:		
Dyed Yarn Production (MT)	370.83	720.05
Electricity (Purchased) / MT	Rs. 7,785/-	12,863/-
Coal / MT	Rs. 4,446/-	4,491/-

II. TECHNOLOGY ABSORPTION:

Efforts made in technology absorption as per Form – B

- a) Research & Development (R & D)