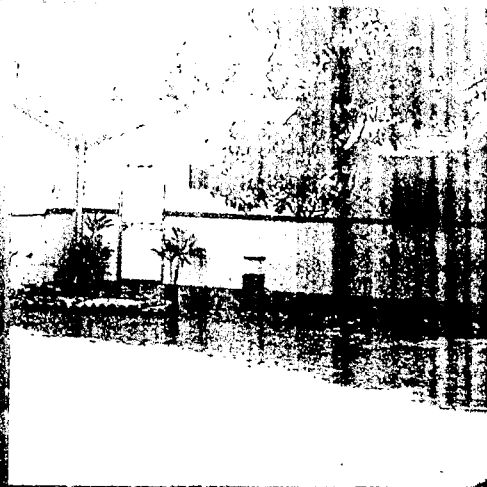


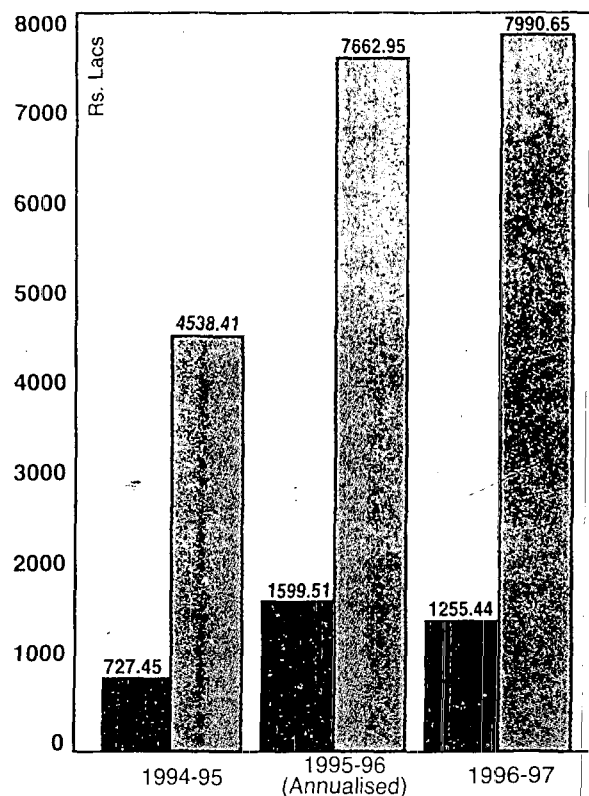
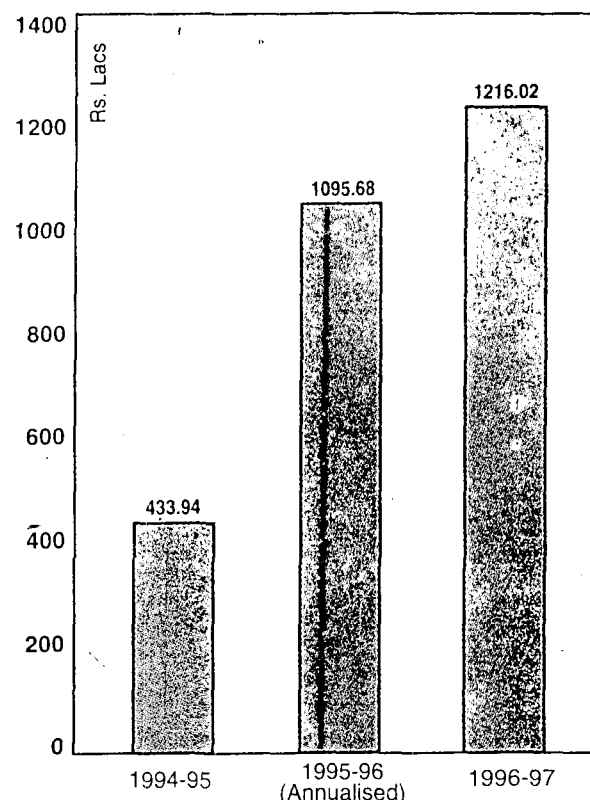
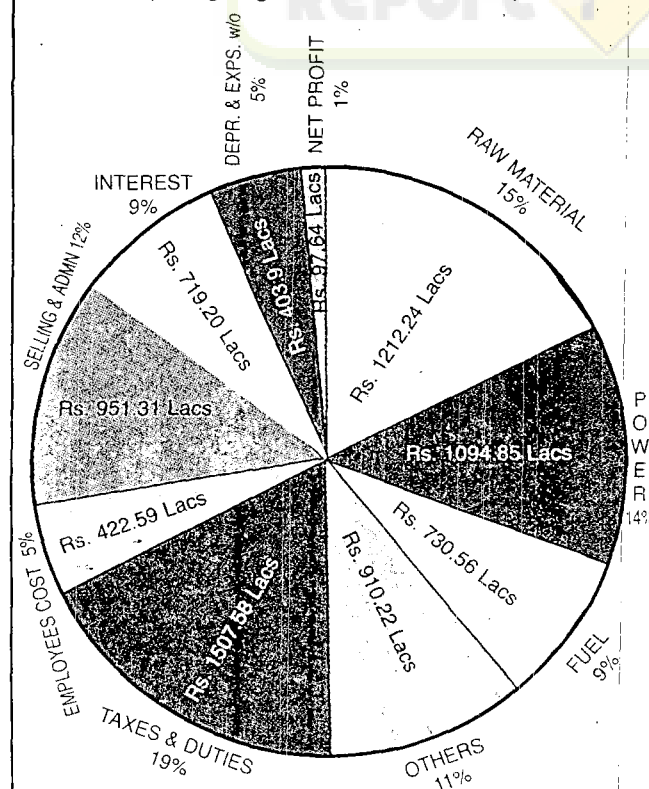
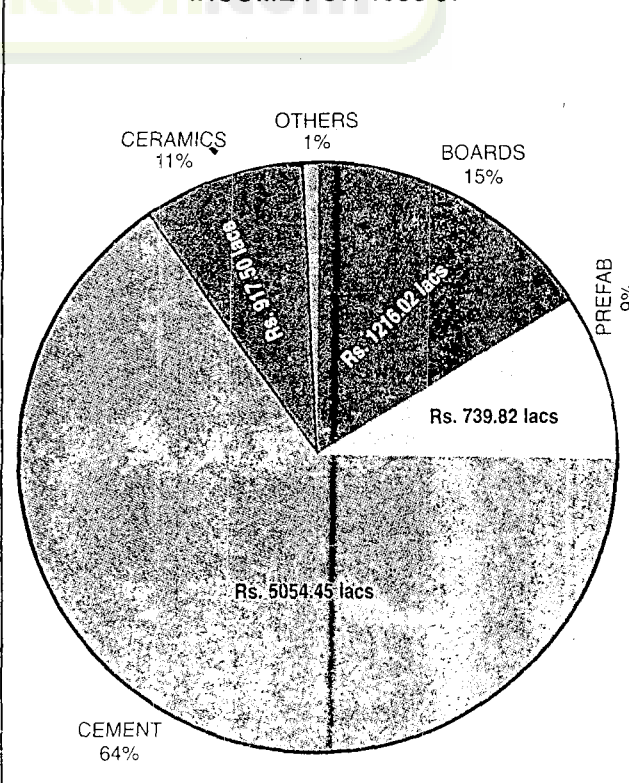
| | | | | | | |
|-----|---|---|---|---|-----|---|
| MD | ✓ | | | | BKC | ✓ |
| CS | ✓ | | | | DPY | ✓ |
| RO | ✓ | | | | DIV | ✓ |
| TRA | ✓ | | | | AC | ✓ |
| ACM | ✓ | ✓ | | | SHI | ✓ |
| YE | ✓ | ✓ | ✓ | ✓ | | |



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GROSS PROFIT & GROSS TURNOVER

■ GROSS PROFIT (PBDIT)
 ■ GROSS TURNOVER & OTHER INCOME

**BOARDS DIVISION SALES****DISTRIBUTION OF INCOME FOR 1996-97**
(after giving effect to stock variation)**DIVISIONWISE TURNOVER & OTHER INCOME FOR 1996-97**

**BOARD OF DIRECTORS**

Shri K Jayabharath Reddy - Chairman
Smt Usha Srinivasan - IDBI Nominee
Shri R Anand - Director
Shri Vinodrai V Goradia- Director
Shri G Soma Raju - Director
Shri Ch Subba Rao - Director
Shri S Gokul - Director
Shri M S Raju - Director
Shri M. Kanna Reddy- Director
Shri K Ramachandra Raju - Director
Shri K Ravi - Managing Director

VICE PRESIDENT & SECRETARY

Shri B Subrahmanyam

AUDITORS

M/s.Prayaga & Company
Chartered Accountants
5-2-392/5, Hyderbasti
R P Road, Secunderabad - 500 003

BANKERS

State Bank of India
Punjab National Bank
Vijaya Bank

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| Attendance & Proxy Forms | |

SR.EXECUTIVES

Shri V Padmanabhan - President (Operations)
Shri P Ramalinga Raju- Vice President (Mktg) Boards
Shri K R Naidu - Vice President (Per&Admn)
Shri A R Raju - Vice President (Prefab)
Shri Bimal Goradia - G.M (Materials)
Shri M Krishna Prasad - G.M (Tech)
Shri P Sivaram - G.M. (Works) Boards Division
Shri L Sudharshan - G.M. (Mktg) (Cement)
Shri P Subrahmanyam - G.M. (Comm) Boards
Shri A L Sharma - G.M. (Mktg.) Boards
Shri S. Veeresham - G.M. (Works) Cement
Shri S. Prakash Raju - G.M. (Works) Bonechina
Shri B.A. Ansari - G.M. (Mktg.) Ceramic

Units

Cement, Cement Boards
Prefab & Lamination
Simhapuri
Huzurnagar Taluk
Nalgonda District
Andhra Pradesh

Ceramic Stoneware

Nandigaon
Mahabubnagar District
Andhra Pradesh

Ceramic Bonechina

Dommeru
West Godavari District
Andhra Pradesh

REGD. & ADMN. OFFICE & SHARE TRANSFER DEPT.

7Th Floor, Raghava Ratna Towers,
Chirag Ali Lane,
Hyderabad - 500 001.

Phones : 3203637 & 3202548
Fax : 91(040) 3202496
Grams : ENCIELIND

AGM on 30-01-1998 at 11 a.m. at Bharatiya Vidya Bhavan. King Koti, Hyderabad - 500 029.

NOTICE

Notice is hereby given that the Seventeenth Annual General Meeting of the Members of NCL INDUSTRIES LIMITED will be held on Friday, the 30th January 1998 at 11.00 a.m. at Bharatiya Vidya Bhavan, King Koti, Hyderabad - 500 029 to transact the following business :

1. To receive, consider and adopt the Audited Profit and Loss Account for the Financial Year ended 30th September, 1997 and the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.
2. To elect a Director in place of Shri R.Anand by rotation and being eligible, offers himself for re-election.
3. To elect a Director in place of Shri K.Ramachandra Raju by rotation and being eligible, offers himself for re-election.
4. To elect a Director in place of Shri K.Jayabharath Reddy by rotation and being eligible, offers himself for re-election.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting and to fix their remuneration.
6. To consider and, if thought fit, to pass with or without modifications, the following Resolution, as an ORDINARY RESOLUTION :

"RESOLVED that Shri M.S.Raju, who has been appointed Additional Director of the Company by the Board of Directors on 30-01-97 and who ceases to hold office u/s.260 of the Companies Act, 1956 on this A.G.M. and in respect of whom the Company received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed Director of the Company, subject to retirement by rotation."

7. To consider and, if thought fit, to pass with or without modifications, the following Resolution, as an ORDINARY RESOLUTION :

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No.6**

Shri M.S.Raju has been appointed Additional Director on 30.01.1997 who holds office till the ensuing Annual General Meeting. In pursuance of the notice received from a shareholder of the company u/s.257 of the Companies Act, 1956, it is proposed to appoint him as Director.

Shri Raju a Post Graduate in Public Administration, is an Industrialist. He has joined the company as a Co-promoter recently. Your Board believes that his services will be beneficial to your company and recommend the resolution.



"RESOLVED that Shri M.Kanna Reddy, who has been appointed Additional Director of the Company by the Board of Directors on 19.12.1997 and who ceases to hold office u/s.260 of the Companies Act, 1956 on this A.G.M. and in respect of whom the Company received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed Director of the Company, subject to retirement by rotation."

8. To consider and, if thought fit, to pass with or without modifications the following resolution as a Special Resolution :

"RESOLVED that pursuant to Sections 198,269,309, 310,311,314,316 and Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, the consent of the company be and is hereby accorded for increasing remuneration of Shri K.Ravi, Managing Director of the company w.e.f. 1.1.1998 for the remaining period of his tenure of appointment as per the terms and conditions set out in the Explanatory Statement annexed to this Notice with liberty to the Board of Directors to make such alterations / modifications as may be necessary and to give effect to the decision taken herein."

By order of the Board
for NCL INDUSTRIES LIMITED
(B.SUBRAHMANYAM)
Vice President & Secretary

Hyderabad
19.12.1997

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy instead of himself to attend and vote only in a poll and the proxy need not be a member. Proxies in order to be effective must be received by the company not less than 48 hours before the Annual General Meeting. A proxy so appointed should not have any right to speak at the meeting.
2. The Register of Members and Share Transfer Registers will remain closed from 22nd January, 1998 to 30th January, 1998 (both days inclusive)

None of the Directors, other than Shri G. Soma Raju may be deemed to be interested in the resolution.

Item No. 7

Shri M.Kanna Reddy has been appointed Additional Director on 19.12.1997 who holds office till the ensuing Annual General Meeting. In pursuance of the notice received from a shareholder of the company u/s.257 of the Companies Act, 1956, it is proposed to appoint him as Director.

Shri Kanna Reddy, Chartered Accountant and Management & Financial Consultant has a rich experience as Senior Executive in Public Sector undertakings for about 30 years including about a decade experience at Board level. Your Board of Directors believe that his services would be beneficial to your Company and recommend the Resolution.

NOTICE

None of the Directors may be deemed to be interested in the resolution.

Item No.8

In the Extra-ordinary General Meeting of the members of the company held on 25.2.1995, Shri K.Ravi has been appointed Managing Director for a period of 5 years from 21.1.1995 on the salary and other terms and conditions mentioned therein.

Shri K.Ravi opted not to draw commission of 1% on the net profits of the company and also voluntarily agreed to draw a salary of only Rs.20,000/- p.m. as against Rs.25,000/- p.m. proposed in the notice, in view of the prevailing financial position of the company at that time. He has therefore been drawing this salary for the last three years.

Now keeping in view the increased cost of living conditions and the present financial position of the company and the prevailing salary structure in the industry and also of the salaries of other executives of the company, the Board of Directors in its meeting held on 19.12.1997 proposed to increase his remuneration w.e.f 1.1.1998 for the remaining period of his tenure of about two years on the following terms :

Salary :

Rs.30,000/- p.m. (subject to annual increment of Rs.5,000/- p.m.)

Commission :

Commission of 1% of net profits of the Company computed in a manner laid down under Sec.198 shall be payable **only when a dividend is paid.**

Perquisites :

In addition to salary, Perquisites be allowed as follows:

- Housing / HRA : 40% of salary.
- Medical Reimbursement : Expenses incurred for self and family subject to a ceiling of one month's salary in each year or 3 month's salary in a block of 3 years.
- Leave Travel Concession for self and family subject to a ceiling of one month's salary in each year.



"Family" means the wife, dependent children and dependent parents of the Managing Director.

- Company's contribution to Provident Fund and Superannuation Fund shall be as allowed under the Income Tax Act and Rules and as per Rules of the Company.
- Gratuity : Equal to half month's salary for each completed year of service.
- Conveyance : Free use of Company's Car with driver for Company's business.
- Telephone/Cell Phone : Free except for personal long distance calls which shall be billed.
- He shall be entitled to reimbursement of entertainment expenses actually and properly incurred for the business of the Company.
- He will not be eligible for any Sitting Fees of the Company's Board / Committee Meetings.
- If during the currency of tenure of the Managing Director, the Company has no profits or its profits are inadequate in any financial year, the Managing Director shall be entitled to remuneration by way of salary and perquisites not exceeding the limits specified above.
- In case he becomes Managing Director or Manager of another company, he shall draw remuneration from only one of the two companies.

The Board recommends the passing of the resolution.

None of the Directors except Shri K.Ramachandra Raju and Shri K.Ravi himself is interested in the above Resolution.

The terms and conditions in the resolution may also be treated as Abstract of Contract / Agreement between company and Shri K.Ravi pursuant to Sec.301 of the Companies Act, 1956.

Hyderabad
19.12.1997

By order of the Board
(B.SUBRAHMANYAM)
VICE PRESIDENT & SECRETARY



DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting their 17th Annual Report and audited accounts for the period ended 30th September, 1997.

FINANCIAL RESULTS:

| | (Rs. in lakhs) | |
|--|------------------------|------------------------|
| | 1996-97 (12 Months) | 1995-96 (18 Months) |
| SALES TURNOVER & OTHER INCOME : | | |
| Cement Division | 5054.44 | 6551.82 |
| Boards Division | 1216.02 | 1643.52 |
| Prefab Division | 739.82 | 2147.66 |
| Ceramic Division | 917.51 | 1072.05 |
| Trading Turnover | 8.21 | - |
| Profit on sale of assets | 25.96 | - |
| Interest & Other Income | 28.69 | 79.38 |
| | <u>7990.65</u> | <u>11494.43</u> |
| GROSS PROFIT (PBDIT) | 1249.59 | 2399.26 |
| Less: Interest | 719.20 | 914.75 |
| - Depreciation | 368.40 | 541.51 |
| - Expenses written off | 35.50 | 14.25 |
| - Previous year adjustments | 4.95 | 79.74 |
| Add: Extra-ordinary item | - | 537.40 |
| PROFIT BEFORE TAX | 121.54 | 1386.41 |
| LESS: PROVISION FOR TAX | 23.90 | - |
| NET PROFIT AFTER TAX | 97.64 | 1386.41 |
| Add: Profit brought forward from previous year | 1021.97 | (254.76) |
| Profit available for appropriation | 1119.61 | 1131.65 |

During the year under review, the Gross Turnover increased by over 4% compared to the previous year (on annualised basis), inspite of subdued market conditions. However, the Gross Profit as well as net profit declined due to a host of reasons outside the control of the management.

The previous year Accounts were for 18 months whereas the current year Accounts are for 12 months. During the previous 18 months period, the company enjoyed excise duty rebate on 198000 MTs of Cement as against on 99000 MTs in the current year. The cement realisation was stagnant during the current year inspite of substantial increase in power tariff, transport rates and general increase in inputs. During the previous year the contribution from Prefab Division, on account of one time bulk orders, was significant.

In addition, during the previous year, due to OTS, the interest was lower on one hand and credit in respect of interest provided in previous years amounting to Rs.537.40 lacs was available on the other.

During the current year, your company operated the cement plant at over 117% of its capacity as planned for, which is an increase of about 14% compared to the previous year (annualised). The Coal consumption and Power consumption have also been brought down.

The Boards Division also showed improvement of about 11% in sales value compared to the previous year (annualised), even though Prefab offtake was lower. **The export sales have increased from Rs.93 lacs to Rs.249 lacs.**

Another satisfactory aspect of the operations of current year is that, in the Prefab Division, the general orders across the board have increased manifold inspite of lack of bulk orders as in previous year. This gives the confidence of sustained growth in this Division in future.

The Ceramic Division showed improvement of over 28% in sales compared to previous period (annualised). However its contribution has been negative during the year mainly due to higher input costs.

As part of the restructuring exercise, the company entered into an MOU for hiving off the Ceramic Division and received advance of Rs.419 lacs towards the fixed assets. The necessary formalities of transfer of the units are under way.

In view of the above factors, the performance of your company may be considered satisfactory.

FINANCE :

During the year, the company repaid Rs.2612.74 lacs towards principle and interest to the Financial Institutions and Banks.

Your company successfully raised 20% Secured Non-convertible Debentures of 18 months period for Rs.12 crores (including over-subscription of Rs.2 crores) by private placement and Rs.5 crores by way of short term loan from Global Trust Bank, during the year. The funds raised have been utilised to meet the OTS obligations to the Financial Institutions and Banks.

CONTRIBUTION TO EXCHEQUER :

Your Company's contribution to exchequer in the form of various taxes and duties was Rs.1572.75 lacs.

DIVIDEND:

In order to conserve the resources to meet the repayment obligations, your Directors regret their inability to recommend any Dividend.

DIRECTORS' REPORT



FIXED DEPOSITS:

As on 30.9.1997, deposits aggregating Rs.16.23 lacs remain unclaimed from deposit holders, out of which Rs. 9.62 lacs have since been repaid or renewed and for the balance amount of Rs.6.61 lacs, reminders have been issued seeking necessary instructions from the depositors.

ENVIRONMENT PROTECTION:

The pollution control equipments installed have been working satisfactorily.

INDUSTRIAL RELATIONS:

The Industrial relations continue to be harmonious at all levels in the organisation during the year.

CONSERVATION OF ENERGY, TECHNOLOGY/ ABSORPTION AND FOREIGN EXCHANGE:

The information as required to be disclosed in terms of Section 217(1)(e) of the Companies Act, 1956 is furnished.

AUDITORS:

M/s.Prayaga & Co., Chartered Accountants, the existing Auditors of the Company will retire at the conclusion of this Annual General Meeting and are eligible for reappointment.

DIRECTORS:

During the year, Shri T.N.Hariharan, IDBI Nominee on our Board has been replaced by Smt.S.Usha Srinivasan by IDBI as its nominee. APIDC have

withdrawn its nominee Shri M.S.Veeraraghavan, and APSFC have withdrawn its nominee Shri K.Narayana Rao, on our Board. Your directors would like to place on record the valuable contributions made by these directors during their tenure.

Shri M.S.Raju and Shri M.Kanna Reddy have been inducted as Additional Directors on 30.01.1997 and 19.12.1997 whose term expires at the conclusion of this Annual General Meeting. Notices have been received from members proposing their candidatures as directors.

S/Shri R.Anand, K.Ramachandra Raju and K.Jayabharath Reddy retire by rotation in this Annual General Meeting pursuant to Sec.255 & 256 of the Companies Act, 1956 and are eligible for reappointment.

ACKNOWLEDGEMENTS:

The Directors wish to place on record their gratitude for the continued support from the Financial Institutions, Banks and various Government Authorities. The Board also expresses its sincere thanks to the fraternity of dealers, depositors and the dedicated team of employees of the company in all categories and the family of shareholders of the company for their cooperation.

HYDERABAD
19.12.1997

For and on behalf of the Board
K.JAYABHARATH REDDY
CHAIRMAN

ANNEXURE TO DIRECTORS' REPORT

Disclosure of particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo as required under Companies (Disclosure of particulars in the Board of Directors' Report) Rules, 1988.

A. CONSERVATION OF ENERGY:

a) Energy Conservation:

Conservation of Energy continues to be accorded priority in all the units which is being monitored regularly. In addition to our inhouse talent, we take the help of NCCBM to identify the areas for improving the energy consumption at our Cement Plant.

b) Additional investments and proposals:

At present we are attending to the areas where major investments are not required. We shall make necessary investments if necessary in future.

c) Impact of the measures at (a) and (b) above:

In our Cement Plant, the Power consumption has come down by 3 units per tonne and Coal consumption has also come down by 3.6%.

d) The total energy consumption and energy consumption per unit of production: particulars given in Form - A

B. TECHNOLOGY ABSORPTION:

No new technology has been imported.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- | | |
|---|---|
| a. i) Activities relating to exports | : Bison Panel and Prefab Materials exports are continued |
| ii) Initiative taken to increase exports | : Increasing the awareness of our products in International Markets by way of participation in Trade fairs & Seminars. |
| iii) Development of new markets for products and services | : Continuous efforts are being made to develop new export markets by supplying the quality Boards and Prefab systems and by appointing new agents. ISO-9002 certification is also being made. |
| iv) Export plans | : Have active plans for export. |
| b) i) Total foreign exchange outflow | : Equivalent to Rs.65.61 lacs |
| ii) Total foreign exchange inflow | : Equivalent to Rs.249.27 lacs |