

# **23<sup>rd</sup> ANNUAL REPORT 2003-2004**

Report  junction.com



## **NCL INDUSTRIES LIMITED**

## BOARD OF DIRECTORS

Shri K. Jayabharath Reddy - Chairman  
 Shri R. Anand  
 Shri Vinodrai V. Goradia  
 Shri GDLSN Raju  
 Shri M. Bhaskar Rao (IREDA Nominee)  
 Shri S Gokul  
 Shri M. Kanna Reddy  
 Shri K. Madhu  
 Shri K. Ravi - Managing Director

## SR. VICE PRESIDENT & CO. SECRETARY

Shri B Subrahmanyam

## AUDITORS

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

## BANKERS

Global Trust Bank  
 Vijaya Bank

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## UNITS

Cement & Cement Boards  
 Simhapuri  
 Mattamapalli Mandal  
 Nalgonda District - 508 204  
 Andhra Pradesh

## Prefab Unit

Plot No. 34/A,  
 IDA, Jeedimetla  
 Hyderabad - 500 055

Indira Industrial Complex  
 Naharpur, Tigoan Road  
 Old Faridabad - 121 002

## Regd. & Admn. Office

7th, Floor, Raghava Ratna Towers,  
 Chirag Ali Lane,  
 Hyderabad - 500 001.  
 Tel : 23203637, 23202548, 23204243  
 Fax : 91(040) - 23202496, 23203417  
 E-mail : ncl@nclind.com  
 Website : www.nclind.com

AGM on 17-09-2004 at 10.00 a.m at Bharatiya Vidya Bhavan(Auditorium), King Koti, Hyderabad – 500 029.

**NOTICE**

Notice is hereby given that the 23<sup>rd</sup> Annual General Meeting of the Members of NCL INDUSTRIES LIMITED will be held on Friday, the 17<sup>th</sup> September, 2004 at 10.00 a.m. at Bharatiya Vidya Bhavan (Auditorium), King Koti, Hyderabad - 500 029, to transact the following business.

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Profit and Loss Account for the Financial Year ended 31<sup>st</sup> March 2004 and the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.
2. To declare a Dividend.
3. To elect a Director in place of Shri K. Madhu, who retires by rotation and being eligible, offers himself for re-election.
4. To elect a Director in place of Shri R. Anand, who retires 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 up to the conclusion of the next Annual General Meeting and to fix their remuneration.

By order of the Board  
For NCL INDUSTRIES LIMITED

17<sup>th</sup> July 2004

**Registered Office:**

7<sup>th</sup> floor, Raghava Ratna Towers,  
Chirag Ali Lane, Hyderabad - 500 001.

**B. SUBRAHMANYAM**

Sr. Vice President &  
Company Secretary

**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 should be duly stamped, completed and signed and 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 11.09.2004 to 17.09.2004 (both days inclusive).**
3. The Dividend, if approved at the meeting of shareholders shall be payable, (on pro-rata basis in respect of partly paid shares) to those members whose names appear on the Company's Register of Members on 10<sup>th</sup> September 2004 for the purpose of shares held in demat form and as on 17<sup>th</sup> September 2004 for the purpose of shares held in Physical form.
4. The Members are requested to provide their Bank Account Number, Name and Address of the Bank/Branch to enable the company to incorporate the name in the

dividend warrant, in order to prevent against fraudulent encashment of Dividend.

5. SEBI has notified your company's equity shares for compulsory trading in the dematerialised form from 26.02.2001 under ISIN No. INE732 CD1016. Shareholders may avail the facility of trading in demat form.
6. Members holding shares in electronic form are requested to inform the changes, if any, in their addresses to the Depository Participant with whom the demat account is maintained.
7. Individual shareholders can avail the facility of nomination. Shareholders holding shares in physical form may write to the Registrar for assistance. Shareholders holding shares in electronic form may approach their DP with whom they maintain their account.
8. Details of Directors retiring / appointed, Pursuant to clause 49 (VI) (A) of the listing agreement.
  - (a) Shri K. Madhu - Director of the Company, retires by rotation at the ensuing Annual General Meeting. He was born on 01-07-1956 and is a Bachelor of Commerce and Law. He is an industrialist with rich experience in varied types of industries. He is a Director of the Company since 22-07-2000. He is also member of the Audit Committee, Investors Grievance Committee and remuneration Committee and is in-charge of Share Transfers in the Company. He is Managing Director of NCL Alltech & Secolor Ltd. and also a Member of Share Transfer Committee of that Company. He is Director of NCL Energy Limited and also a Member of its Audit Committee. He is a Director in NCL Homes Limited, NCL Prefab International Limited, Nagarjuna Cements Limited, KRB Securities Limited and Scorpio systems Limited.
  - (b) Shri R. Anand - Director of the Company since 04-06-1982, retires by rotation at the ensuing Annual General Meeting. He was born on 15-11-1933. He is an industrialist and has varied experience in different industries. He is Chairman of Nova Silk Limited, Eastern Engineering Company (Bombay) Pvt. Limited, Luwa India Pvt. Limited, Sanmarco Texmac Pvt. Limited and Director in Maxwell Industries Limited and Indocount Industries Limited, wherein he is also a member of Audit Committee.

By order of the Board  
For NCL INDUSTRIES LIMITED

**B. SUBRAHMANYAM**  
Sr. Vice President &  
Company Secretary

Place : Hyderabad  
Date: 17.07.2004

## DIRECTORS REPORT



Your Directors have pleasure in presenting their 23<sup>rd</sup> Annual Report together with Audited Accounts for the year ended 31<sup>st</sup> March 2004

### FINANCIAL RESULTS:

(Rs. in lakhs)

2003-04 2002-03

#### SALES TURNOVER & OTHER INCOME

Cement Division	4864.39	4705.33
Boards Division	1800.91	1643.26
Prefab Division	469.17	845.13
Other Income	15.18	74.02
<b>TOTAL</b>	<b>7149.65</b>	<b>7267.74</b>

**Gross Profit (PBIDT)** 1259.24 1014.67

**LESS: Interest** 492.21 506.58

- Depreciation 446.33 435.97

- Expenses written off 9.95 9.95

**PROFIT before extra-ordinary**

**Item and prior period adjustments** 310.75 62.17

**ADD: Previous year adjustments** 20.40 50.01

**PROFIT BEFORE TAX** 331.15 112.18

**Less :Income Tax** 25.46 8.62

**Profit after Tax** 305.69 103.56

**Deferred Tax** 177.12 (0.56)

**Net Profit** 128.57 104.12

**Profit b/f** 300.46 327.88

**PROFIT AVAILABLE FOR**

**APPROPRIATION** 429.03 432.00

#### LESS: APPROPRIATIONS

a) General Reserve	50.00	40.00
b) Dividend & Dividend Tax	137.32	91.54
c) Balance carried forward	241.71	300.46

### DIVIDEND:

Your Directors have pleasure in recommending a Dividend of 7.50% on the Equity Shares for the financial year ended 31.3.2004 (as against 5% in the previous year). The Dividend (including Dividend Tax) will absorb a sum of **Rs.137.32 lakhs**, (Rs.91.54 lakhs in previous year), which is free from Income Tax in the hands of the Shareholders.

### OPERATIONS:

During the year 2003-04, Gross profit has increased by over 24% from Rs.1,014.67 Lacs to **Rs.1,259.24 Lacs**. The net profit has also increased from Rs.104.12Lacs in the previous year to **Rs.128.57 Lacs** in the current year. The improvement in the profitability is due to higher Clinker production, better realisation in Cement and Boards Divisions coupled with higher sales in Boards Division; in spite of steep drop in the Prefab sales and realisation. The cost of production, particularly in the Power and Fuel front was lower compared to the previous year, thanks to IREDA's Loan for installation of energy saving equipment.

During the year 2003-04, the total sales turnover has marginally fallen by about 0.82 %, which is due to substantial fall in Prefab turnover from Rs.845.13 Lacs to Rs.469.17 Lacs.

### FINANCE:

The Company, in terms of the Issue of Debentures, redeemed the 3<sup>rd</sup> and final installment @ Rs.334/- per debenture, issued in June 1997.

### CONTRIBUTION TO EXCHEQUER:

The Company's contribution to the Exchequer during the year, in the form of various taxes and duties paid was Rs.1,627.72 Lakhs

### FIXED DEPOSITS:

As on 31-3-2004 Rs. 793.35 Lakhs are outstanding. The company was upto date in repayment of all the matured deposits. The company has an excellent record of servicing the depositors.

### INDUSTRIAL RELATIONS:

The industrial relations continue to be harmonious at all levels in the organization during the year.

### PARTICULARS OF EMPLOYEES READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES)- RULES AS AMENDED:

There are no employees covered under Sec. 217(2A) of the Companies Act, 1956.

### ENERGY TECHNOLOGY, FOREIGN EXCHANGE AND ENVIRONMENT PROTECTION:

The information required to be disclosed in terms of Sec. 217(1)(e) of the Companies Act, 1956 is furnished in Form A and B forming part of this report.

We are installing an ESP in Cooler section of Cement Plant for collection of fine clinker dust from the exit gases for protecting the environment and improving productivity. The Company as an ongoing programme, plants number of plants of different species to keep the surroundings clean.

### DE-LISTING OF SHARES:

The Company de-listed its shares from the Hyderabad Stock Exchange Ltd at Hyderabad under voluntary de-listing scheme and is in the process of de-listing from the Stock Exchange at Kolkata.

### AUDITORS:

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

### COST AUDITORS:

Mr. R.Srinivasa Rao, Cost Accountant, the existing Cost Auditor of the Company has been re-appointed to conduct the cost audit pertaining to the Cement Division of the company for the year 2003-2004.

### DIRECTORS:

Shri K. Madhu and Shri R. Anand retire by rotation at the ensuring Annual General Meeting and being eligible, offer themselves for reappointment.

### CORPORATE GOVERNANCE:

A report on Corporate Governance along with a certificate of compliance from the auditors forms part of this report.

**DIRECTORS' RESPONSIBILITIES STATEMENT: The Board of Directors states:**

- 1) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 2) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- 3) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

- 4) that the Directors had prepared the annual accounts on a going concern basis.

**ACKNOWLEDGEMENTS:**

The Directors express their sincere thanks for the continued assistance and co-operation extended by the Bankers to the Company, IREDA and Central and State Government Departments and thank the Shareholders, Dealers, Stockists, consumers and Depositors for the confidence reposed in the company.

Your Directors thank all the employees of the company for their valuable services and support during the year.

For and on behalf of the board

Place : Hyderabad  
Date : 7<sup>th</sup> May 2004

**K.JAYABHARATH REDDY**  
CHAIRMAN

**FORM - A****FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY****A. POWER AND FUEL CONSUMPTION****Current Year (2003-2004)****Previous year(2002-2003)****1 ELECTRICITY:****a. Purchased**

Units - Lacs

**286.32****289.17**

Total Amount (Rs. In Lacs)

**925.02****986.06**

Rate/Unit(Rs)

**3.23****3.41****b. Own Generation**

Through Diesel generator (units Kwh lakhs)

**0.47****1.57**

Total Amount (Rs. In Lacs)

**3.08****10.33**

Rate/Unit(Rs)

**6.55****6.58****2 COAL**

Quantity (Tonnes)

**45476****47026**

Total Cost (Rs. Lacs)

**767.91****772.75**

Average Rate/Tonne(Rs)

**1688.60****1643.24****3 FIRE WOOD**

Quantity (MT)

**4035****5312**

Total Cost (Rs. In Lacs)

**28.79****35.34**

Average Rate per MT (Rs)

**713.51****665.21****4 CONSUMPTION PER MT OF PRODUCTION:****Electricity - Units**

Cement Division

**99.82\*****110.52\***

Boards Division

**146.02****182.29**

Coal - MT (Cement Division)

**0.194****0.223**

Kcal/kg clinker

**(837)****(876)**

Firewood - MT (Boards Division)

**0.162****0.293**

\* Per MT of equivalent Ordinary Portland cement

**FORM B**

(See Rule 2)

**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO****TECHNOLOGY ABSORPTION, (R&D)****A Research and Development (R&D)****: Not applicable****B. Technology Absorption, adoption and innovation****: Not applicable**

Place : Hyderabad  
Date : 07-05-2004

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

## REPORT ON CORPORATE GOVERNANCE

### REPORT ON CORPORATE GOVERNANCE

(Pursuant to clause 49 of the listing agreement)

#### 1) Company's philosophy on code of Governance

The company's philosophy on corporate Governance is aimed at assisting the Board of Directors of the company in the efficient conduct of its business and in meeting its obligations to shareholders. The company has taken several steps towards complying with requirements in this regard.

#### 2) Board of Directors:

##### a) Constitution & Size of the Board

The present strength of the Board is Nine Directors. The Board comprises of both executive and non-executive directors. The non-executive directors bring external and wider perspective in the Board's deliberations and decisions. Apart from Managing Director, there are Eight non-executive directors of which 5 directors, including the Chairman, are independent directors.

Independent directors are Directors who apart from receiving Directors remuneration do not have any other material pecuniary relationship or transactions with the company, its promoters, its management or its shareholders, which in the judgement of the Board may affect independence of judgement of the Director.

##### b) Number of Board Meetings held during the year along with dates of the meetings:

Five Board meetings were held during the year 2003-2004. The dates on which the said meetings were held are as under:

1) 14-4-2003 (3) 20-9-2003 (2) 28-7-2003 (4) 24-10-2003 (5) 24-01-2004

##### c) Attendance of Directors at Board Meetings, AGM and committees where he is a Director / Member.

Name of the Director	Categories Of Director-ship*	No of Board Meetings attended	Attendance at last AGM	Director-ship in other companies	No. of Committees held in other Public Limited Companies	
					Chairman	member
K.Jayabharath Reddy	Chairman, I & NED	5	Yes	11	4	2
R.Anand	I & NED	2	No	8	-	1
M.Kanna Reddy	I & NED	5	Yes	4	-	1
S.R. Gokul	I & NED	4	Yes	1	-	-
VV Goradia	NED	3	Yes	-	-	-
K Madhu	NED	5	Yes	8	-	1
GDLSN Raju	NED	5	Yes	1	-	-
M. Bhaskar Rao	I & NED	4	Yes	2	-	1
K. Ravi	ED	5	Yes	5	-	-

\* I & NED Independent and non executive Director NED Non-executive Director ED Executive Director

##### d) Details of Appointment & Reappointment of Directors

As per the Companies Act 1956, 2/3rds of the directors are retiring by rotation. Out of that 1/3<sup>rd</sup> should retire each year and if other wise eligible qualify for reappointment

Relevant details form part of the notice of the Annual General Meeting at which the directors are appointed.

#### 3) Audit Committee:

The Audit committee set up by the Board of Directors in October 2000. During the year 3 meetings were held, out of which one was held before finalisation of Accounts. The said meetings were held on 12.04.2003, 28.07.2003, & 24.10.2003.

The constitution of the committee and attendance of each member of the committee is given below

Name	Designation	Whole time/ Independent	Profession	Committee meetings attended
K.Jayabharath Reddy	Chairman	Independent	IAS(Retd from Govt Service)	3
M. Bhaskar Rao	Member	Independent (IREDA Nominee)	Chartered Accountant	3
M.Kanna Reddy	Member	Independent	Chartered Accountant	3
K. Madhu	Member	Non Executive	Business	3

**4) Investor's Grievance Committee :**

The Board constituted an Investors Grievance Committee on 31st October 2001, which looks into Shareholders and investors grievances. The following are the members of the committee. During the year 4 meetings were held on 12.04.2003, 28.07.03, 24.10.03 and 24.01.04.

- 1) Shri M. Kanna Reddy (Chairman)
- 2) Shri K. Madhu
- 3) Shri G.D.L.S.N.Raju

Name	Designation	Whole time/ Independent	Profession	Committee meeting attended
M. Kanna Reddy	Chairman	Independent	Chartered Accountant	4
K. Madhu	Member	NED	Business	4
GDLSN Raju	Member	NED	Business	4

Name and designation of compliance Officer:

Mr B.Subrahmanyam, Sr. Vice President & Company Secretary

**i) Details of Investors letters / complaints received during the year ended 31<sup>st</sup> March 2004.**

Sl No	Nature of letter / complaints	Received	Disposed	Pending
1	Non-receipt of Dividend warrant(s)	12	12	Nil
2	Non-Receipt of Share certificates after transfer/ duplicate.	14	14	Nil
3	Less Dividend	-	-	Nil
4	Miscellaneous – others	1	1	Nil

**ii) Number of Complaints pending with the Company:**

All the complaints / letters received during the financial year were replied / resolved

**5) Remuneration Committee:**

The Remuneration committee was set up by the Board of Directors during August 2001. The constitution of the committee is given hereunder.

Name	Designation	Whole-time/ Independent	Profession
K.Jayabharath Reddy	Chairman	Independent	IAS(Retd. from Govt Service)
M.Kanna Reddy	Member	Independent	Chartered Accountant
K. Madhu	Member	Non Executive	Business

During the year, no meeting was conducted.

**6) Remuneration of Directors:**

Details of remuneration paid to non-executive Directors are given below:

(Rupees)

Directors	Salary	Perquisites	Commission	Sitting Fee	Total
K.Jayabharath Reddy	NIL	NIL	NIL	8000	8000
R.Anand	NIL	NIL	NIL	2000	2000
M.Kanna Reddy	NIL	NIL	NIL	9500	9500
S.R. Gokul	NIL	NIL	NIL	4000	4000
VV Goradia	NIL	NIL	NIL	3000	3000
K Madhu	NIL	NIL	NIL	8500	8500
M. Bhaskar Rao	NIL	NIL	NIL	7000	7000
GDLSN Raju	NIL	NIL	NIL	5500	5500

Details of remuneration paid to Managing Director are given below:

(Rs in lakhs)

Director	Salary	Perquisites	Commission	Sitting Fee	Total
K. Ravi	5.54	2.59	3.43	NIL	11.56

Perquisites include HRA, Contribution to PF etc.

Commission payable to MD at 1% of Net profits of the company computed in accordance with Section 198 of the Companies Act, 1956 which was separately shown in Notes to Accounts.



**7) General Body Meetings:**

a) Details of the location of the last 3 Annual General Meetings (AGM) are given hereunder:

Year	Date & time of AGM	Place
2002-2003	22 <sup>nd</sup> September 2003 at 10.00 A.M.	KLN Prasad Auditorium, Federation House, Red Hills, Hyderabad.
2001-2002	23 <sup>rd</sup> September 2002 at 3.00PM	Bharatiya Vidya Bhavan, King Koti, Hyderabad
2000-2001	10 <sup>th</sup> August 2001 at 11.00 AM	-do-

b) No resolution was put through the postal ballot last year.

**8) Management discussion & Analysis Report:**

Management Discussion and Analysis Report is separately published in this Report

**9) Disclosures:**

- There are no materially significant related party transactions made by the Company with its promoters, Directors or management or relatives etc that may have potential conflict with the interest of the company at large. The register of contracts containing the transactions in which directors are interested are placed before the board for its approval.
- There was separate disclosure on this item in the notes to accounts, which is forming part of the Annual Report.
- During the last 3 years there were no strictures or penalties imposed by either the SEBI or the Stock Exchanges or any statutory authority for noncompliance of any matter related to the capital markets.

**10) Means of communication:**

The quarterly and half year results are published in any two of the national and local dailies, Business Standard, Economic Times, Eenadu and Deccan Chronicle and Andhra Bhoomi.

- Quarterly / Half yearly financial results of the company are forwarded to the stock exchanges and published in Business Standard and Andhra Bhoomi. Half yearly report is not sent to each household of shareholders as the results are published in the news papers
- Results or official news were not displayed in any web site however the same are posted in the SEBI's web site on EDIFAR.
- Company has not made any presentations to any institutional investors / analysts during the year.

**11) Shareholders information:**

i) AGM	:	23 <sup>rd</sup> Annual General Meeting
Date	:	17 <sup>th</sup> September 2004
Time	:	10.00 AM
Venue	:	Bharatiya Vidya Bhavan (Auditorium), King Koti, Hyderabad - 500 029
ii) Financial Calendar		
Tentative		
Annual General meeting		17 <sup>th</sup> Sept 2004
Results for the quarter ending 30-6-04		Last week of July 2004
Results for the quarter ending 30-9-04		Last week of October 2004
Results for the quarter ending 31-12-04		Last week of January 2005
Results for the year ending 31 <sup>st</sup> March 2005		Last week of June 2005
iii) Date of Book Closure		11-09-2004 to 17-09-2004 (both days inclusive)
iv) Dividend payment date		Within 30 days from the date of declaration
v) Regd & Admn Office		7 <sup>th</sup> Floor, Raghava Ratna Towers, Chirag Ali Lane Hyderabad 500 001
vi) Listing of Shares on Stock Exchanges at		Mumbai & Kolkatta; Securities have been delisted from the Hyderabad Stock Exchange w.e.f 01.04.2004 (De-listing of shares from Calcutta Stock Exchange is in process)
vii) Listing fee		Listing fee for the year 2004-2005 has been paid to BSE.
viii) A) Script Code		BSE 502168, CSE 24028
B) Demat ISIN No in NSDL & CDSL for equity shares		INE 732CO1016



**ix) Stock Market Data****SHARE PRICE (BSE)**

Month & Year	High	Low	Close	No of Shares
Apr-03	4.90	3.45	4.90	37507
May-03	5.50	4.55	5.00	67867
Jun-03	7.94	5.00	7.02	241882
Jul-03	7.50	5.75	6.93	217178
Aug-03	12.30	6.60	8.83	1824985
Sep-03	9.50	5.91	6.76	267655
Oct-03	7.50	6.00	6.50	200943
Nov-03	8.00	5.86	7.12	464140
Dec-03	11.27	6.95	9.05	1006281
Jan-04	10.67	7.50	7.59	722389
Feb-04	8.00	6.51	6.74	243457
Mar-04	7.00	5.50	5.86	203206

**x) Address of Registrar and Share Transfer Agents:****Venture Capital & Corporate Investments Ltd**

6-2-913/914, 3<sup>rd</sup> floor,  
Progressive Towers, Khairatabad,  
Hyderabad 500 004

**xi) Share transfer system:**

**Transfer of securities in physical form is registered and the duly transferred share certificates are despatched within 30 days of receipt, provided transferred documents are in order. The Board of Directors have delegated powers to approve the transfer, transmissions, folio consolidation etc to Shri K.Madhu, Director.**

**xii) DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2004**

ORDINARY SHARES HELD			NO. OF SHAREHOLDERS		%	SHARES HELD		%
1	-	500	47101		93.91	56921930		35.06
501	-	1000	1700		3.57	13759240		8.48
1001	-	2000	688		1.37	10082800		6.21
2001	-	3000	184		0.37	4744690		2.92
3001	-	4000	87		0.17	3131190		1.93
4001	-	5000	84		0.17	3933570		2.42
5001	-	10000	99		0.20	7373730		4.54
10001 & ABOVE			121		0.24	62401100		38.44
<b>TOTAL</b>			<b>50064</b>		<b>100.00</b>	<b>162348250</b>		<b>100.00</b>

The Company has also adopted a Code of Conduct for Prevention of Insider Trading in the shares of the Company pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.

**xiii) SHAREHOLDING PATTERN AS ON 31.03.2004**

	NO. OF SHARES HELD	%
Indian Public	1,05,92,951	65.25
Indian Financial Institutions,	6,65,584	4.10
Mutual Funds, Banks	6,490	0.04
Promoters	44,00,115	27.10
Others	5,69,685	3.51

**xiv) Dematerialisation of Shares:**

The shares of the company are compulsorily traded in DEMAT form by all categories of investors with effect from 26-02-2001. The company has arrangements with National Securities Depositories Ltd (NSDL) and Central Depository Services India Ltd (CDSL) to establish electronic connectivity of our shares for script-less trading. As on 31<sup>st</sup> March 2004, 54.39% of shares of the company were held in Dematerialised form with the following depositors.

1) NSDL	80,02,168	49.29 %
2) CDSL	8,27,782	5.10 %
Total	<u>88,29,950</u>	<u>54.39%</u>

**xv) Plants Location:****Cement & Cement Boards**

Simhapuri, Mattampalli Mandal  
Nalgonda District – 508 204 (AP)

**Prefab Units**

Plot No. 34/A, IDA Jeedimetla  
Hyderabad 500 055

Indira Industrial Complex, Naharpur  
Tigoan Road, Old Faridabad 121 002

**xvi) Any other query on Annual Report & Investor Correspondence**

Secretarial Department  
NCL Industries Limited  
7<sup>th</sup> Floor, Raghava Ratna Towers  
Chirag Ali Lane, Hyderabad 500 001

The above report was adopted by the Board of Directors at their meeting held on 7<sup>th</sup> May 2004.

## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of NCL INDUSTRIES LIMITED

We have examined the compliance of conditions of Corporate Governance by NCL Industries Limited, for the year ended on 31<sup>st</sup> March, 2004, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India we have to state that no investor grievances were pending for a period of one month against the Company as per the records maintained by the Shareholders / Investor's Grievance Committee.

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.

**for PRAYAGA & CO.**  
Chartered Accountants

**G.S.S. SRINIVAS**  
Partner

Membership No.20901

Hyderabad  
Dated:07.05.2004