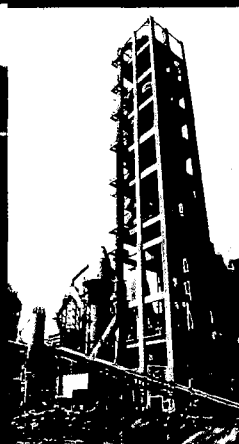
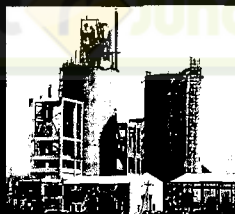
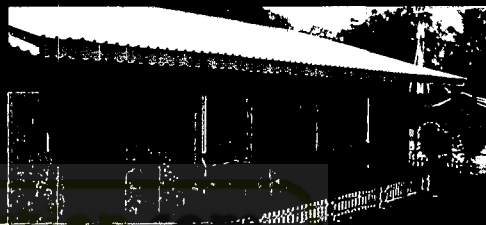


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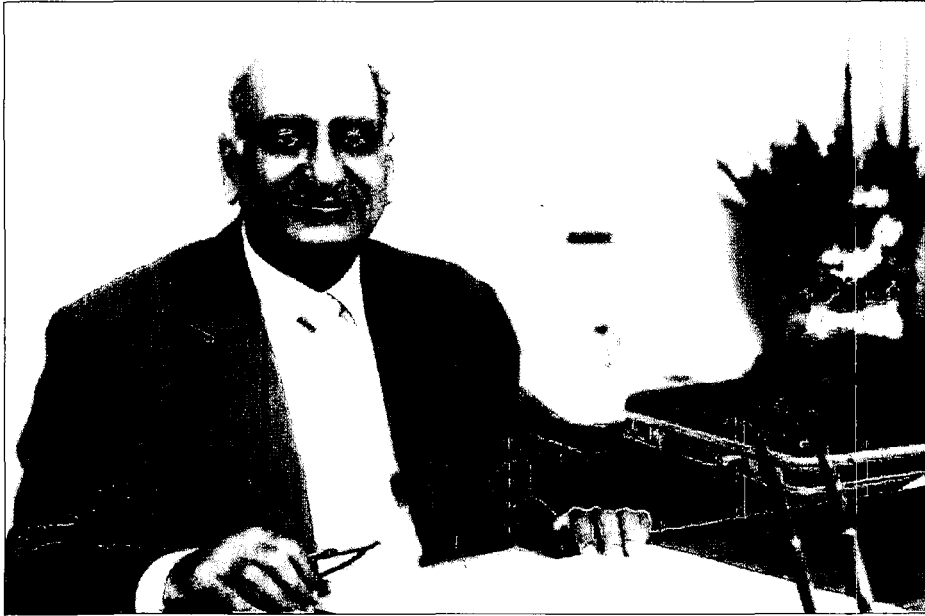


## NCL INDUSTRIES LIMITED



New  
milestones.  
New goals

## Respectful Homage to our Founder



Late Mr. K Ramachandra Raju

(22.07.1934 to 28.06.2008)

Pioneer and Trend setter of mini cement Industry  
Role Model for aspiring Entrepreneurs  
Visionary and Innovator  
Compassionate Employer

And Above All  
A Human Being par excellence

WE MISS YOU



## BOARD OF DIRECTORS

### Chairman

Mr. K. Jayabharath Reddy (upto 14.06.2008)

Mr. R. Anand (from 14.06.2008)

### Directors

Mr. Vinodrai V. Goradia

Mr. G.D.L.S.N. Raju

Mr. M. Bhaskara Rao (IREDA Nominee)

Mr. M. Kanna Reddy

Mr. K. Madhu

Mr. S. Mallikharjuna Rao

Mr. Kamlesh Gandhi

Mr. P.N. Raju - Executive Director

Mr. S.S. Raju - Executive Director

Mr. K. Ravi - Managing Director

## COMPANY SECRETARY

Mr. T. Arun Kumar

## AUDITORS

M/s. Prayaga & Co.

Chartered Accountants

Plot No. 401, Privik Residency,

Street No. 4, HMT Nagar,

Nacharam, Hyderabad - 500 076.

## TERM LENDERS

Axis Bank Limited

Canara Bank

Central Bank of India

Corporation Bank

Indian Renewable Energy Dev. Agency Ltd.,

Oriental Bank of Commerce

State Bank of Hyderabad.

State Bank of India

State Bank of Mysore

## BANKERS

Axis Bank Limited

State Bank of Hyderabad

## FACTORIES

### CEMENT DIVISION

#### UNIT - I

Simhapuri

Mattampally Mandal

Nalgonda Dist.

Andhra Pradesh

Pincode - 508 204

#### UNIT - II

Grinding Unit

Kadimpothavaram

Village, Kondapalli

KrishnaDist.

Andhra Pradesh

Pincode - 521228

### BOARDS DIVISION

#### UNIT - I

Simhapuri

Mattampally Mandal

Nalgonda Dist.

Andhra Pradesh

Pincode - 508 204

#### UNIT - II

Bhothanwali Village

Paonta Sahib

Sirmour District

Himachal Pradesh

Pincode - 173 025

### PREFAB DIVISION

#### UNIT - I

Plot No. 34/A, IDA

Jeedimetla, Hyderabad .

Andhra Pradesh

Pincode - 500 055

#### UNIT - II

Bhothanwali Village

Paonta Sahib

Sirmour District

Himachal Pradesh

Pincode - 173 025

### ENERGY DIVISION

#### UNIT - I

Pothireddypedu Head Regulator

Chabolu Village,

Pothulapadu Post,

Nandikotkur TQ. Kurnool Dist.

Andhra Pradesh

Pincode - 518 402

#### UNIT - II

RBHLC Zero Mile Point

Tungabhadra Dam,

Tungabhadra Board

Amaravathi Village

Hospet, Karnataka

Pincode - 583 225

## 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



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**AGM on Monday the 29<sup>th</sup> September, 2008 at 11.00 AM at Bharatiya Vidya Bhavan,  
King Koti Road, Hyderabad - 500 029.**



## NOTICE

Notice is hereby given that the 27<sup>th</sup> Annual General Meeting of NCL Industries Limited will be held on Monday the 29<sup>th</sup> September, 2008 at 11.00 AM at Bharatiya Vidya Bhavan, King Koti Road, Hyderabad- 500 029, to transact the following business.

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the company as at 31st March 2008 and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. G.D.L.S.N Raju, who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Mr. S. Mallikharjuna Rao who, having been appointed as Director in the casual vacancy caused by the resignation of Mr. S. Gokul, holds office till the date of the ensuing Annual General Meeting when Mr. S. Gokul would have retired by rotation.
5. To appoint Auditors and fix their remuneration.

### SPECIAL BUSINESS

6. To consider and if thought fit, pass with or without modification, the following resolution as a Special Resolution.

"RESOLVED that in accordance with the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any of the Companies Act 1956, the re-appointment of Mr. K. Ravi as Managing Director for a period of five years with effect from 11<sup>th</sup> January 2008 at the following remuneration, be and is hereby approved."

**Salary:** Rs.1,50,000/- per month (with an annual increment of Rs. 25,000/- per month)

**Commission:** 1.5% of the net profits of the company computed in a manner laid down under section 198.

**Perquisites:** In addition to salary, perquisites allowed as follows:

**Housing/HRA:** @ 40% of the salary

**Medical Reimbursement:** Expenses incurred for self and family subject to a ceiling of one month's salary in each year or 3 months salary in a block of 3 years.

**Leave Travel Concession:** for self and family subject to ceiling of one month's salary in each year. 'Family' means wife, dependent children and dependent parents of Mr. Ravi.

**Company's contribution to Provident Fund and Superannuation Fund** shall be as allowed under the Income Tax Act and Rules and as per the Rules of the company.

**Gratuity:** Equal to half month's salary for each completed year of service as per the Rules of the company.

**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.

**Entertainment Expenses:** He shall be entitled to reimbursement of entertainment expenses actually and properly incurred for the business of the company.

**Encashment of Leave:** One full pay and allowances not exceeding one month's leave for every twelve months of service, subject to the condition that the leave accumulated, but not availed of shall be dealt with as per the Income Tax Rules 1962.

He will not be eligible for any sitting fees of the Company's Board/Committee Meetings."

"FURTHER RESOLVED that the above remuneration be paid as Minimum Remuneration in the event of inadequacy of profits and that the remuneration be reviewed after two years from the date of re-appointment based on the growth and performance."

7. To consider and if thought fit, pass with or without modification, the following resolution as an Ordinary Resolution.

"RESOLVED that in accordance with the provisions of Sections 198, 269, 309, 310 read with Schedule XIII of the Companies Act, 1956, and other applicable provisions, if any of the Companies Act 1956, the revision in remuneration of Mr. S. S. Raju, Executive Director with effect from 1<sup>st</sup> February 2008 at the following terms, be and is hereby approved."

**Salary:** Rs.1,25,000/- per month (with an annual increment of Rs. 12,500/- per month)

**Perquisites:** In addition to salary, perquisites allowed as follows:

**Housing/HRA:** @ 40% of the salary

**Medical Reimbursement:** Expenses incurred for self and family subject to a ceiling of one month's salary in each year or 3 months salary in a block of 3 years.

**Leave Travel Concession:** for self and family subject to ceiling of one month's salary in each year. 'Family' means wife, dependent children and dependent parents of Mr.S. S. Raju.

**Company's contribution to Provident Fund and Superannuation Fund** shall be as allowed under the Income Tax Act and Rules and as per the Rules of the company.

**Gratuity:** Equal to half month's salary for each completed year of service as per the Rules of the company.

**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.

**Encashment of Leave:** One full pay and allowances not exceeding one month's leave for every twelve months of service, subject to the condition that the leave



accumulated, but not availed of shall be dealt with as per the Income Tax Rules 1962.

He will not be eligible for any sitting fees of the Company's Board/Committee Meetings."

"FURTHER RESOLVED that the above remuneration be paid as *Minimum Remuneration in the event of inadequacy of profits* in the subsequent years and that the above remuneration may be reviewed after two years based on the growth and performance."

8. To consider and if thought fit, pass with or without modification, the following resolution as an Ordinary Resolution.

"RESOLVED that in accordance with the provision of Sections 198, 269, 309, 310 read with Schedule XIII of the Companies Act, 1956, and other applicable provisions, if any of the Companies Act 1956, the revision in remuneration of Mr. P. N. Raju, Executive Director with effect from 1<sup>st</sup> February 2008 at the following terms, be and is hereby approved."

**Salary:** Rs.75,000/- per month (with an annual increment of Rs. 7,500/- per month)

**Perquisites:** In addition to salary, perquisites allowed as follows:

**Housing/HRA:** @ 40% of the salary

**Medical Reimbursement:** Expenses incurred for self and family subject to a ceiling of one month's salary in each year or 3 months salary in a block of 3 years.

**Leave Travel Concession:** for self and family subject to ceiling of one month's salary in each year. 'Family' means wife, dependent children and dependent parents of Mr.P. N. Raju.

**Company's contribution to Provident Fund and Superannuation Fund** shall be as allowed under the Income Tax Act and Rules and as per the Rules of the company.

**Gratuity:** Equal to half month's salary for each completed year of service as per the rules of the company.

**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.

**Encashment of Leave:** One full pay and allowances not exceeding one month's leave for every twelve months of service, subject to the condition that the leave accumulated, but not availed of shall be dealt with as per the Income Tax Rules 1962.

He will not be eligible for any sitting fees of the Company's Board/Committee Meetings."

"FURTHER RESOLVED that the above remuneration be paid as *Minimum Remuneration in the event of inadequacy*

of profits in the subsequent years and that the above remuneration may be reviewed after two years based on the growth and performance."

9. To consider and if thought fit, pass with or without modification, the following resolution as an Ordinary Resolution.

"RESOLVED that Mr. Kamlesh Gandhi who has been appointed as an Additional Director of the Company with effect from 14th June 2008, and holds office till the date of this Meeting in terms of Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company."

10. To consider and if thought fit, pass with or without modification, the following resolution as a Special Resolution.

"RESOLVED that pursuant to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956, the appointment of Mr. Ashwin Goradia, son of Mr. V. V. Goradia, Director as Regional Manager with effect from September 24, 2007 at remuneration of Rs. 24,669/- per month on a Cost to Company basis and its subsequent revision to Rs. 26,693/- per month on a Cost to the Company basis with effect from the 1<sup>st</sup> of April 2008 be and is hereby approved."

"FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorised to grant such increments to Mr. Ashwin Goradia as it may deem fit from time to time, so however that the total remuneration on a Cost to the Company basis does not exceed Rs. 50,000/- per month."

11. To consider and if thought fit, pass with or without modification, the following resolution as a Special Resolution.

"RESOLVED that pursuant to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956, the appointment of Mr. G.T.Sandeep son of Mr. G.D.L.S.N. Raju, Director as Management Trainee with effect from May 14, 2008 at remuneration of Rs. 15,000/- per month on a Cost to Company basis be and is hereby approved."

"FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorised to grant such increments to Mr. G. T. Sandeep as it may deem fit from time to time, so however that the total remuneration on a Cost to the Company basis does not exceed Rs. 50,000/- per month."

By Order of the Board  
for NCL INDUSTRIES LIMITED

Place: Hyderabad  
Date: 14<sup>th</sup> June, 2008

**T. ARUN KUMAR**  
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.**
2. Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business is annexed hereto.
3. Shareholders seeking any information with regard to accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready.
4. The Register of Members and Share Transfer Registers will remain closed from 22<sup>nd</sup> September, 2008 to 29<sup>th</sup> September, 2008 (both days inclusive) on account of the Annual General Meeting and Dividend payment.
5. The Dividend as recommended by the Board, if approved at the Meeting, will be paid to those members whose names appear on the Register of Members as on 29<sup>th</sup> September, 2008, or to their nominees. In respect of shareholding in dematerialised form, dividend will be paid to the beneficial owners as at the end of business on 21<sup>st</sup> September, 2008, as per details to be furnished by the depositories for the purpose.
6. The members holding shares in physical mode are requested to provide their Bank Account Number, Name and Address of the Bank / Branch to the Registrar of the Company to enable the company to incorporate the same in the dividend warrant, in order to prevent against fraudulent encashment of dividend.
7. Members holding shares in electronic form are requested to inform the changes, if any, in their address or bank particulars etc., to the Depository Participant with whom the demat account is maintained.
8. Individual shareholders can avail the facility of nomination. Shareholders holding shares in physical form may write to the Registrar for assistance. Shareholders holding in electronic form may approach their DP with whom they maintain their account.
9. In terms of clause 49(IV)(G) of the Listing Agreement, brief Resumes are given of Directors proposed to be appointed or reappointed at the Meeting. The Resume of Mr. K. Ravi, Managing Director proposed to be appointed/reappointed under the Special Business are included as a part of Explanatory Statement to Item 6.

### **Brief Resume of Directors proposed to be appointed/reappointed.**

#### **Mr. G.D.L.S.N Raju**

Mr. G.D.L.S.N Raju (53 years) is the son of Late Mr. G Soma Raju, one of the original promoters of the company.

He is a graduate in Commerce and has experience in Real Estate and Agricultural Activities. He is a member of Investor Grievances Committee of the company.

He holds 2,60,437 equity shares in the company. Apart from his being a director of the company, he holds directorship in NCL Alltek & Seccolor Limited and Nagarjuna Cerachem Private Limited.

#### **Mr. S. Mallikharjuna Rao**

Mr. S. Mallikharjuna Rao (61 years) is a B.Tech from IIT Chennai & M.Tech from IIS Bangalore. He retired as Dy. Chief Executive from Nuclear Fuel Complex (NFC) Hyderabad. He developed Slurry Extraction unit during his tenure in NFC and was awarded Homi Bhabha Prize and also given national award for excellence in design by Indian Institute of Chemical Engineers. He holds 20 Equity shares in the Company.

#### **Mr. Kamlesh Gandhi**

Mr. Kamlesh Gandhi (58 years) has extensive experience spanning over 35 years in the field of Capital and Financial markets in India. He has been a member of BSE for over 14 years, been on the Board of Directors of Association of Merchant Bankers of India (AMBI) for 4 years since inception and was again Director of AMBI for 2 years from 2004 to 2006. He is also one of the founder Director of Stock Brokers Underwriters Association and served the organization for 6 years. During his career so far he was involved in raising funds in over 320 capital issues and involved in placement of equities of several companies with retail, high net worth and Institutional Investors, both domestic and overseas.

He was until recently the Country Head of Investment Banking at RELIGARE- a leading Stock broking and Investment Banking firm, prior to which, he was the Executive Director of Centrum Capital Limited, Mumbai and was responsible for initiating and building the capabilities to offer Equity related capital market services to companies, setting up Investment Management Services division and ramping up their stockbroker activities. Before that, he started his career as Vice President at Champaklal Investment & Financial Consultancy Ltd, (CIFCO), Mumbai and rose to the position of the company's Chairman and Managing Director. He is a thought leader and influencer in the Indian capital markets and has represented India as the speaker in numerous investors' forums around the world.

He was a Non Executive Director of Several Companies including Dr. Reddy's Group, Raasi Group and is currently on the board of Priyadarshini Spinning Mills Limited, Bhagyanagar India Limited, Kirloskar Electric Company Limited and The Bombay Swadeshi Stores Limited. He does not hold any Equity shares in the Company.



## Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956

### ITEM NO.6

At the meeting held on 10<sup>th</sup> January, 2008, the Board of Directors have re-appointed Mr. K.Ravi as Managing Director for a period of 5 years from 11<sup>th</sup> January 2008. Further, as per the recommendation of the Remuneration Committee, and as prescribed in Schedule XIII of the Companies Act, 1956, the remuneration of Mr. K.Ravi has been fixed at a Salary of Rs. 1,50,000/- per month, Commission of 1.5% of the Profits and other perks as detailed in the resolution.

Based on the Net Profits for the year ended 31st March, 2007, the remuneration fixed is well within the ceiling prescribed by Section 198 of the Companies Act, 1956. The Board however also decided that the consent of the Shareholders by Para 1(B), Part II, Section II to Schedule

XIII of the Companies Act, 1956, be obtained in the ensuing General Meeting of the company for payment of the above remuneration as Minimum Remuneration in the event of inadequacy of profits in the subsequent years. The said remuneration is subject to review after two years based on the growth and performance.

According to Section 269 of the Companies Act, 1956, read with Para B, Part II, Section II of Schedule-XIII to the said Act, the reappointment of Managing Director requires the approval of the shareholders in General Meeting by way of a special resolution.

The information as required under Schedule XIII to the Companies Act, 1956 is as under:-

### I. GENERAL INFORMATION:

- (1) Nature of Industry – Operating in 4 segments such as Cement, Boards, Prefab products and Hydel Power.
- (2) Date of commencement of commercial operation – 16<sup>th</sup> February, 1984 onwards.
- (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus – Not Applicable.
- (4) Financial Performance: (Rs. in Lakhs)

Financial Parameters	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008
Income	7,149.65	9,243.13	13,933.40	19,589.25	27,648.64
Net Profit (as computed u/s. 198)	342.77	544.00	642.14	3,017.57	4,279.47
Net profit as per profit and loss Account	128.57	252.19	631.86	2,764.69	2,956.93
Amount of dividend paid #	137.32	185.06	351.72	739.50	965.78*
Rate of dividend declared	7.5%	10%	15%	20%	25%*

# (Including Dividend Tax)

\* (Proposed dividend)

- (5) Export performance: Rs. 63.72 Lakhs Foreign Currency Earnings- FOB basis for the financial year 2007-08.
- (6) Foreign investments or collaborators, if any – The company manufactures Bison Panel, which is basically a multi-purpose Cement Bonded Particle Board (CBPB) in Technical Collaboration with BISON WERKE of Germany.

Apart from being the Managing Director of NCL Industries Ltd., Mr.Ravi holds directorship in NCL Alltek Secollor Ltd, Kakatiya Industries Pvt. Ltd., Nagarjuna Cerachem Pvt. Ltd., Deccan Nitrates Pvt. Ltd and Vikram Chemicals Private Ltd.

### (2) Past remuneration

Financial Year	Amount (Rs. in lakhs)
2006-07	47.65
2005-06	15.94
2004-05	14.12

### II. INFORMATION ABOUT THE APPOINTEE:

- (1) **Background Details** - Mr. K Ravi (54 years), is Diploma holder in Electrical Engineering, and has over 23 years experience in managing industrial units. He successfully implemented the hydel power projects of NCL EnergyLtd.

(3) **Recognition or awards:** Not Applicable





- (4) **Job profile and his suitability** – Overall in charge of operations of the Company. Subject to the superintendence, direction and control of the Board, the day to day management and administration of the Company is vested with the Managing Director.
- (5) **Remuneration proposed** - as set out in the resolution for the item no 6. The remuneration to Managing Director has the approval of the Remuneration Committee.
- (6) **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:** The proposed remuneration is comparable to the remuneration being paid to the Managing Director of other companies of similar size and operations.
- (7) **Pecuniary relationship directly or indirectly with the company, or relationship with managerial personnel, if any** - Besides the remuneration proposed and his investment in 13,31,714 equity shares of the company, Mr. K. Ravi does not have any other pecuniary relationship with the Company.

Your Directors recommend that the resolution be passed.

None of the Directors except Mr. K. Ravi and Mr. K. Madhu, his brother are interested in the proposed resolution.

#### ITEM NO. 7

Mr. S. S. Raju was appointed as Executive Director of the Company for a period of 5 years w.e.f. 25.10.2006. In recognition of the contribution made by him, and considering the growth achieved by the Company, your Board of Directors had in their meeting held on 10th January 2008, increased his salary w.e.f 1st February 2008.

The increase in remuneration is in accordance with the conditions specified in Schedule XIII of the Companies Act 1956.

According to Section 310 of the Companies Act, 1956, read with schedule XIII of the said Act, increase in remuneration validly made by resolution of the Board of Directors needs to be ratified in the next General Meeting of the Company.

Your Directors recommend that the resolution be passed.

None of the Directors, except Mr. S. S. Raju is interested in the proposed resolution.

#### ITEM NO. 8

Mr.P.N.Raju was appointed as an Executive Director by the Board of Directors of the Company for a period of 5 years w.e.f. 12.04.2006. In recognition of the contribution made by him, and considering the growth achieved by the Company, the Board has decided to increase his remuneration with effect from 1<sup>st</sup> February 2008. The increase is in accordance with the conditions specified in Schedule XIII of the Companies Act, 1956.

According to Section 310 of the Companies Act, 1956, read

with schedule XIII of the said Act, increase in remuneration validly made by resolution of the Board of Directors needs to be ratified in the next General Meeting of the Company.

Your Directors recommend that the resolution be passed.

None of the Directors, except Mr. P.N.Raju is interested in the proposed resolution.

#### ITEM NO. 9

Mr. Kamlesh Gandhi has been appointed as an Additional Director by the Board of Directors in its meeting held on 14.06.2008. According to Section 260 of the Companies Act 1956, he holds office up to the forthcoming Annual General Meeting.

Notice pursuant to Section 257 of the Companies Act, 1956 together with requisite deposits have been received from some members proposing the candidature of Mr. Kamlesh Gandhi to the office of Director. A brief Resume of Mr. Kamlesh Gandhi is already given as a part of this Notice.

Your Directors recommend that the resolution be passed.

None of the Directors, except Mr. Kamlesh Gandhi is interested in the proposed resolution.

#### ITEM NO.10

Mr. Ashwin Goradia, son of Mr. V. V. Goradia, Director was appointed Regional Manager with effect from September 24, 2007 at a remuneration of Rs. 24,669/- per month on a Cost to Company basis. Pursuant to the revision in remuneration by way of normal annual increment granted to all employees of the company, the Board in its meeting held on the 15<sup>th</sup> April, 2008 approved the revision in remuneration of Mr. Ashwin Goradia as Regional Manager to Rs.26,693/- per month on a Cost to Company basis with effect from 1<sup>st</sup> April, 2008.

The above appointment is subject to the consent of the Shareholders by a Special Resolution as required by Section 314 of the Companies Act, 1956. This resolution is set out for this purpose.

Your Directors recommend that the resolution be passed.

None of the Directors, except Mr. V. V. Goradia is interested in the proposed resolution.

#### ITEM NO.11

Mr. G. T. Sandeep, son of Mr. G.D.L.S.N. Raju, Director was appointed Management Trainee with effect from May 14, 2008 at a remuneration of Rs. 15,000/- per month on a Cost to Company basis.

The above appointment is subject to the consent of the Shareholders by a Special Resolution as required by Section 314 of the Companies Act, 1956. This resolution is set out for this purpose.

Your Directors recommend that the resolution be passed.

None of the Directors, except Mr. G.D.L.S.N. Raju is interested in the proposed resolution.



## DIRECTORS' REPORT

Your Directors have pleasure in presenting their Report for the financial year ended March 31, 2008.

### FINANCIAL RESULTS

The Audited Balance Sheet of your Company as at March 31, 2008, the Profit & Loss Account for the year ended on that date and the report of the Auditors thereon are being circulated with this report. The salient features of the financial Results are as follows:

(Rs. in lakhs)

	2007 – 2008	2006 – 2007
<b>Gross Income</b>	<b>27,648.64</b>	19,589.25
<b>Profit for the Year before tax</b>	<b>4292.95</b>	2954.23
<b>Provision for tax</b>	<b>873.12</b>	482.10
<b>Profit for the year after tax</b>	<b>3419.83</b>	2472.13
<b>Deferred tax</b>	<b>462.90</b>	(292.56)
<b>Net Profit</b>	<b>2956.93</b>	2764.69
<b>Profit brought forward from previous year</b>	<b>2214.17</b>	488.98
<b>Profit available for Appropriation</b>	<b>5171.10</b>	<b>3253.67</b>
<b>Appropriations</b>		
<b>Provision for Dividend &amp; Dividend Tax</b>	<b>965.78</b>	739.50
<b>Transfer to General Reserve</b>	<b>2000.00</b>	300.00
<b>Balance Carried forward</b>	<b>2205.32</b>	2214.17

Your Directors are pleased to report a 41% growth in the total income from Rs. 195.89 Crores to Rs.276.49 Crores and 45% growth in the Profits before taxes compared to the results of the previous year. The Net Profits have grown by about 7% compared to the previous year. The significant improvement in the performance was primarily due to increase in the selling price of cement and improvement in the turnover of the Cement and Energy Divisions.

Out of the profits, the Directors propose a transfer of an amount of Rs. 2000 lakhs to the General Reserves.

### DIVIDEND

Your Directors are pleased to recommend a dividend of 25% (20% in the previous year) on the expanded equity capital of 3,25,03,935 Equity Shares of Rs.10/- each, after the further issue on merger of NCL Energy Limited with the company and allotment of shares on conversion of convertible warrants. The dividend payout for the year 2007-08 will be Rs.2.50 per share absorbing a sum of Rs.965.78 lakhs (Rs.739.50 lakhs in the previous year) including the dividend tax, the dividend being free from income tax in the hands of the shareholders.

### FURTHER ISSUE OF SHARES/WARRANTS

Pursuant to the Scheme of Amalgamation sanctioned by the Honble' High Court of Andhra Pradesh on the 13<sup>th</sup> March, 2007, 23,81,250 equity shares have been allotted on 16<sup>th</sup> May, 2007 to the shareholders of the erstwhile NCL Energy Limited. The said shares have also been listed with both the BSE and NSE.

To part finance the Expansion Project of the Company 33,33,400 convertible warrants have been issued to the Promoters and Promoters Group on the 17<sup>th</sup> March, 2008 at a price of Rs.45/- per warrant. Each Warrant is convertible into one equity share of Rs.10/- at a premium of Rs.35/- per share. As on the date of this Report, an aggregate of 14,15,748 Warrants have been converted into Equity shares.

### VARIATIONS IN THE UTILIZATION OF THE ISSUE PROCEEDS

Your Directors wish to report in terms of Clause 43 of the Listing Agreement with the Stock Exchanges that there have been no variations in the utilization of the proceeds of the Preferential Issue of Convertible Warrants from what has been stated in the explanatory statement to the notice convening the Extra ordinary General Meeting for considering preferential issue of securities.

### EXPANSION PROJECTS

As intimated earlier, the Company has already taken up implementation of cement expansion. The expansion plan envisages setting up additional 3000 TPD clinker capacity at Mattapally and two 2000 TPD grinding units each at Mattapally and Kondapalli. With this expansion, total cement production capacity of the company will be close to 2 million tons per annum. The expansion projects are expected to be completed as per schedule by December 2008. The trial runs are planned to be performed in January 2009.

### FINANCE

Members may recall that Issue of FCCBs and other convertible securities upto Rs 100 crore and ECB upto Rs. 80 Crores as a part of the debt component for setting up of the expansion project was approved in the Extra ordinary General Meeting held on the 30<sup>th</sup> July 2007. However, due to the changes in the RBI Policy, your company became ineligible for raising ECBs/FCCBs under the Automatic Route. Hence your Directors had to change the financing plan for the expansion project, and successfully organized the funds for a Rupee Term Loan of Rs. 210 crores from a consortium of banks.

### CONTRIBUTION TO EXCHEQUER

The Company's contribution to the Exchequer during the year, in the form of various taxes and duties was Rs 5,961 Lakhs (Rs. 3,427 Lakhs in previous year).