

28th

ANNUAL
REPORT

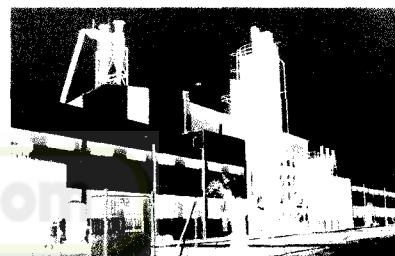
2008-09



NCL GROUP

NCL INDUSTRIES LIMITED

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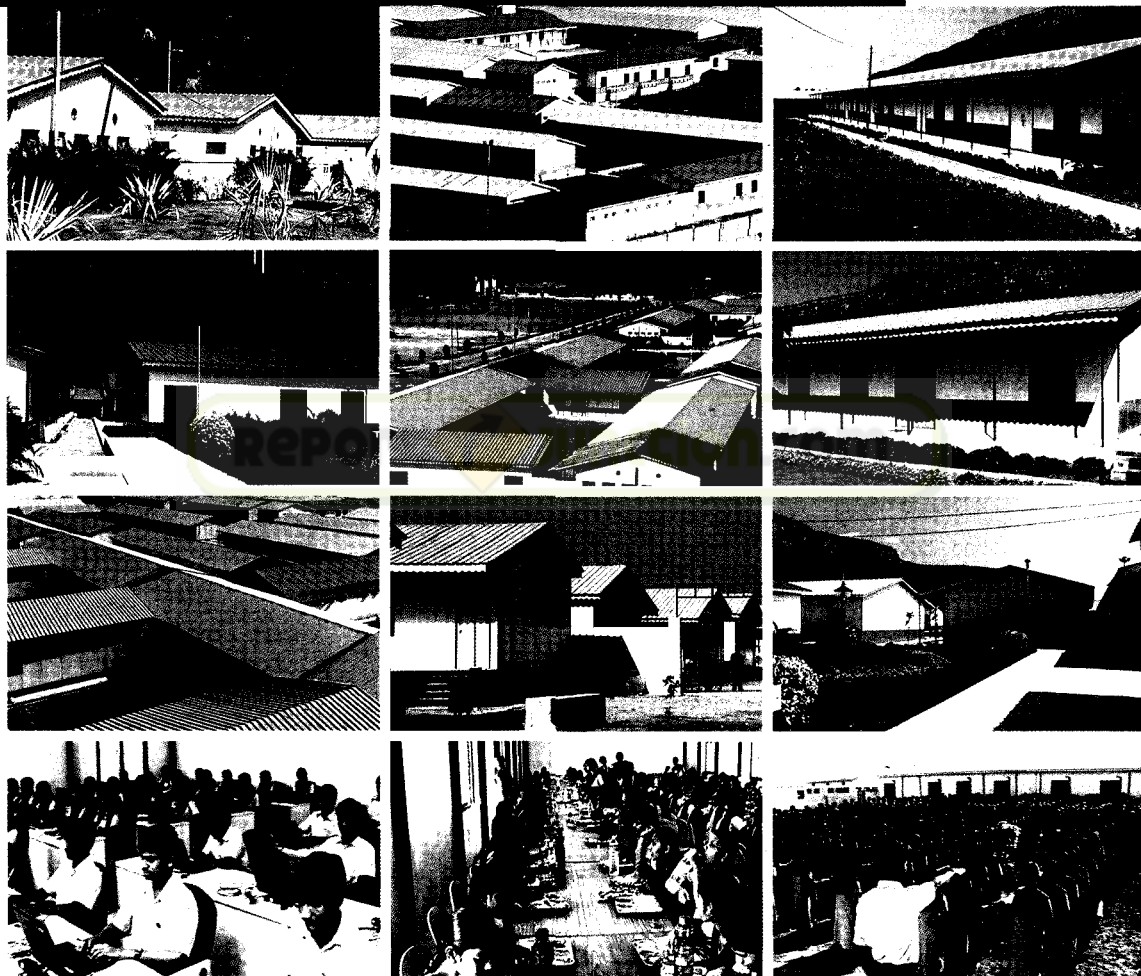


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NCL Industries Limited, 7th Floor, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad - 500 001. Phones : 91- 040 - 23203637, 23202548,

Fax : 91- 040 - 23203417, 23202496 E-mail : ncl@nclindia.com Website : www.nclind.com



BOARD OF DIRECTORS

Chairman

Mr. R. Anand

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 (Upto 30.06.09)

Mr. Kamlesh Gandhi

Mr. P.S. Reddy

Mr. K. Gautam - Executive Director

Mr. P.N. Raju - Executive Director

Mr. S.S. Raju - Joint Managing 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 - 508204

UNIT - II

Kadimpothavaram Village,
Kondapalli,
Krishna District,
Andhra Pradesh
Pincode - 521228

BOARDS DIVISION

UNIT - I

Simhapuri,
Mattampally Mandal,
Nalgonda Dist
Andhra Pradesh
Pincode - 508204

UNIT - II

Bhothanwali Village,
Paonta Sahib,
Sirmour District,
Himachal Pradesh
Pincode - 173025

ENERGY DIVISION

UNIT - I

Pothireddypadu, Head
Regulator, Chabolu Village,
Pothulapadu Post,
NandikotkurTQ.
Kurnool District
Andhra Pradesh
Pincode - 518402

UNIT - II

RBHLC Zero Mile Point,
Tungabhadra Dam,
Tungabhadra Board,
Amaravathi Village,
Hospet
Karnataka
Pincode - 583225

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 - 173025

Regd. & Admn. Office

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

Tel : 91 (040) - 23203637, 23202548, 23204243 Fax : 91 (040) - 23202496, 23203417

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Website : www.nclind.com



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**AGM on Tuesday the 29th September, 2009 at 10 AM at
Bharatiya Vidya Bhavan, King Koti Road, Hyderabad- 500 029.**



NOTICE

Notice is hereby given that the 28th Annual General Meeting of NCL Industries Limited will be held on Tuesday, the 29th September, 2009 at 10 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 2009 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. M. Kanna Reddy, who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Mr. P. N. Raju, who retires by rotation and is eligible for reappointment.
5. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED that Mr. P. S. Reddy who was appointed as an Additional Director from 29th September, 2008 and holds office till the date of this Meeting, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

"RESOLVED that Mr. K. Gautam who was appointed as an Additional Director from 1st August, 2009 and holds office till the date of this Meeting, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

8. 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 appointment of Mr. K. Gautam as Executive Director(Corporate Affairs) for a period of five years with effect from 1st August, 2009 at the following remuneration be and is hereby approved."

Salary: Rs.50,000/- per month (with an annual increment of Rs. 5,000/- 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. K. Gautam.

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 by way of salary and perquisites."

9. 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 Sections 198, 269, 309, read with Schedule XIII and other applicable provisions of the Companies Act 1956, if any, the appointment of Mr. S. S. Raju as Joint Managing Director for a period of five years with effect from 1st August, 2009 at the following remuneration, be and is hereby approved."

Salary: Rs.1,50,000/- per month (with an annual increment of Rs. 15,000/- per month)

Special Allowance: Not exceeding 12% of salary.

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.

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 absence or inadequacy of profits in any year, provided the stipulations prescribed in Schedule XIII to the Companies Act, 1956 are fulfilled."

- 10 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, 311 read with Schedule XIII and other applicable provisions of the Companies Act 1956, if any, the re-appointment of Mr. P.N. Raju, as Executive Director for a period of five years with effect from 1st August, 2009 at the following remuneration be and is hereby approved."

Salary: Rs.1,00,000/- per month (with an annual increment of Rs. 10,000/- 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 by way of salary and perquisites."

- 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. Nirmal Goradia, son of Mr. V. V. Goradia, Director as Vice President (Commercial) with effect from 1st June, 2009 at a remuneration of Rs. 49,900/- per month on a Cost to Company basis be and is hereby approved."

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

"RESOLVED that pursuant to Article 126 of the Articles of Association of the Company and subject to the provisions of sections 198, 309(4) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the payment of remuneration by way of commission to all the Non - Executive Directors 1% (One Percent) of the Net Profits of the Company for a period of 5 years with effect from the Financial Year 2009 -10 in addition to the sitting fees for attending the meetings of Board or Committee thereof"

"RESOLVED further that, within the overall limit of commission payable as above, the Board of Directors of the Company be and is hereby authorised to fix a monetary ceiling as it may deem fit on the quantum of the Commission payable to each of the Non - Executive Directors in any Financial Year."

By Order of the Board
for NCL INDUSTRIES Limited

Place: Hyderabad
Date: 27/07/2009

T. ARUN KUMAR
Company Secretary



NOTES

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote only on 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 22nd September, 2009 to 29th September, 2009 (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 29th September, 2009, 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 21st September, 2009, 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 Registrars 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 of Mr. M. Kanna Reddy, Mr. P. N. Raju, Mr. P. S. Reddy, Mr. S. S. Raju, and Mr. K. Gautam proposed to be appointed/reappointed under the Special Business are detailed below:

Brief Resume of Directors proposed to be appointed/ reappointed.

Mr. M. Kanna Reddy

Mr. M. Kanna Reddy (75 years) is associated with the company as non executive independent Director since 19.12.1997. As a Chartered Accountant and Management & Financial Consultant, he has rich experience, having worked at senior levels in public sector undertakings for about 30 years including 10 years at the Board level.

Besides being a Director of the company, he is also a Director in NCL Altek & Seccolor Limited. He holds the

chairmanship of the Audit Committee, Remuneration Committee and Investor Grievance Committee of the company.

He does not hold any Equity Shares in the company.

Mr. P. N. Raju

Mr. P. N. Raju (58 years) is B.E (Mech) is marine engineer with considerable managerial experience. He was earlier associated with the company as Whole Time Director from 12.06.1987 to 12.09.1990. Later he was once again inducted as Executive Director of the company from 12th June, 2006 and has been successfully continuing in the said post.

Mr. Raju is not a Director in any other company. He currently holds 3,32,850 Equity shares in the Company.

Mr. P. S. Reddy

Mr. P. S. Reddy (56 years) is a graduate in commerce and associate member of Indian Institute of Bankers. He started his career as Commercial Banker with SBI in 1975 and later moved to Citi Bank in 1987 to set up Investment Bank for Citi Bank in South India. Mr. Reddy is at present Managing Director of First Securities (Pvt) Ltd. He currently holds 25,218 Equity shares in the company

Mr. S. S. Raju

Mr. S. S. Raju (63 years) is B.E (Mech) having passed in first class with distinction from the Regional Engineering College (REC), Warangal in the year 1968. He also completed 3 semesters of M.Tech. in Production Engineering and discontinued the last year due to Telangana Agitation from REC, Warangal in 1970. He has over 39 years of industrial experience including 23 years in BHEL from 1970 to 1993. He left BHEL in the capacity of Senior Dy. General Manager and joined Eco- Board Industries Ltd for 5 years up to 1998. Then onwards he has been associated with NCL Group.

Mr. S. S. Raju has been working as Executive Director of the company from 25th October 2006. He has been instrumental in successfully setting up of the Energy projects and has been currently overseeing the implementation of the cement expansion projects and operations of the Energy division.

Mr. Raju is currently on the Board of Khandaleru Power Company Ltd. He currently holds 7,333 Equity shares in the company.

Mr. K. Gautam

Mr. K. Gautam (28 years) is a BBM(Hons) from ICFAI, Hyderabad and M.Sc (Entrepreneurship and Business Management) from University of Bedfordshire, UK). He has been associated with the company as Management Trainee since 1st June, 2007. Later he was promoted as Manager (Projects) during the year 2008.

Mr. K. Gautam does not hold Directorship of any other company. He currently holds 1,81,750 Equity shares in the Company.

He has been appointed as Additional Director and Executive Director (Corporate Affairs) of the company with effect from 1st August, 2009. He is the son of Mr. K. Madhu, Director and nephew of Mr. K. Ravi, Managing Director.



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

ITEM NO.6

Mr. P. S. Reddy was appointed by the Board as an Additional Director with effect from 29th September, 2008. Mr. Reddy is a graduate in commerce and associate member of Indian Institute of Bankers. A brief resume of Mr. P.S. Reddy is enclosed as an Annexure to this Notice.

Pursuant to Section 260 of the Companies Act 1956, he holds office up to the forthcoming Annual General Meeting.

Notice in terms of Section 257 of the Companies Act, 1956 together with requisite deposits have been received from some members proposing the candidature of Mr. P. S. Reddy for the office of Director.

Your Directors recommend that the resolution be passed.

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

ITEM NO.7 & 8

Mr. K. Gautam was appointed by the Board as an Additional Director with effect from 1st August 2009. He is a BBM (Hons) from ICFAI, Hyderabad and M.Sc (Entrepreneurship and Business Management from University of Bedfordshire, UK). A brief resume of Mr. K. Gautam is enclosed as an Annexure to this Notice.

Pursuant to Section 260 of the Companies Act 1956, he holds office up to the forthcoming Annual General Meeting. Notice in terms of Section 257 of the Companies Act, 1956 together with requisite deposits have been received from some members proposing the candidature of Mr. K. Gautam for the office of Director.

Further, the Board of Directors has appointed Mr. K. Gautam as Executive Director (Corporate Affairs) for a period of 5 years from 1st August, 2009. As per the recommendation of the Remuneration Committee, and as prescribed in Schedule XIII of the Companies Act, 1956, the remuneration of Mr. K. Gautam has been fixed for a period of five years as detailed in the resolution.

The Remuneration payable to Mr. K. Gautam on a Cost to Company basis works out to Rs. 10.82 Lakhs (per annum)

Mr. K. Gautam is son of Mr. K. Madhu, Director and nephew of Mr. K. Ravi, Managing Director. The resolutions are proposed to obtain the consent of the shareholders for appointment of Mr. K. Gautam as Director and Executive Director.

The terms and conditions of his appointment may be treated as an abstract of terms of appointment and remuneration payable to the Executive Director, required to be sent to every member pursuant to Section 302 of the Companies Act, 1956.

Your Directors recommend that the resolution be passed.

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

ITEM NO.9

At its meeting held on 27th July, 2009, the Board of Directors has appointed Mr. S. S. Raju as Joint Managing Director for a period of 5 years from 1st August, 2009. Further, as per the recommendation of the Remuneration Committee, and as prescribed in Schedule XIII of the Companies Act, 1956, the remuneration of Mr. S. S. Raju has been fixed at a Salary of Rs. 1,50,000/- per month, and other perks and allowances as detailed in the resolution.

Based on the Net Profits for the year ended 31st March 2009, 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.

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 appointment of Joint 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 – 16th 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	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Total Income	9,243.13	13,933.40	19,589.25	27,648.64	42,639.47
Net Profit (as computed u/s. 198)	544.00	642.14	3,017.57	4,279.47	4,458.64
Net profit as per profit and loss Account	252.19	631.86	2,764.69	2,956.93	2,985.08
Amount of dividend paid #	185.06	351.72	739.50	965.78	989.18
Rate of dividend declared	10%	5%	20%	25%	25%*

(including Dividend Tax)

* (Proposed Dividend)



- (5) Export performance: Rs. 33.68 Lakhs Foreign Currency Earnings- FOB basis for the financial year 2008-09.
- (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.

II. INFORMATION ABOUT THE APPOINTEE:

- (1) Background Details - Mr. S.S .Raju (63 years) is B.E (Mech) having passed in first class with distinction from the Regional Engineering College (REC), Warangal in the year 1968. A brief resume of Mr. S.S.Raju is enclosed as an Annexure to this Notice.

(2) Past remuneration

Financial Year	Amount (Rs. in lakhs)
2007-08	Rs. 15.57
2006-07	Rs. 09.77
2005-06	Rs. 06.63

- (3) **Recognition or awards:** Not Applicable
- (4) **Job profile and his suitability** – Overall in charge of operations of the Cement expansion project and Energy Division of the Company.
- (5) **Remuneration proposed** - as set out in the resolution for the item no.9. The remuneration to Joint 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 managerial personnel of other companies of similar size and operations.
- (7) **Pecuniary relationship directly or indirectly with the company, or relationship with managerial personnel, if any** – Except the proposed remuneration, Mr. S. S. Raju does not have any other pecuniary relationship with the Company.

The Remuneration payable to Mr. S. S. Raju on a Cost to Company basis works out to Rs. 32.46 Lakhs (per annum) .

The terms and conditions of his appointment may be treated as an abstract of terms of appointment and remuneration payable to the joint Managing Director required to be sent to every member pursuant to Section 302 of the Companies Act, 1956.

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. 10

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 re-appoint him as Executive Director

and revise his remuneration with effect from 1st August, 2009. The revised terms of his remuneration, is in accordance with the provisions of Schedule XIII of the Companies Act, 1956, as detailed in the resolution.

According to Section 311 of the Companies Act, 1956, read with schedule XIII of the said Act, the reappointment of Executive Director on a revised scale of remuneration, needs to be ratified in the next General Meeting of the Company. The proposed resolution is set out for the purpose.

The Remuneration payable to Mr. P. N. Raju on a Cost to Company basis works out to Rs. 21.60 Lakhs (per annum)

The terms and conditions of his appointment may be treated as an abstract of terms of appointment and remuneration payable to the Executive Director required to be sent to every member pursuant to Section 302 of the Companies Act, 1956. 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. 11

Mr. Nirmal Goradia has been appointed by the Board as Vice President (Commercial) with effect from 1st June, 2009, at remuneration of Rs. 49,900/- per month on a Cost to Company basis.

Mr. Nirmal Goradia is related to Mr. V. V. Goradia, Director as his son. As per the provisions of Section 314 of the Companies Act, 1956, the above appointment is subject to the consent of the Shareholders by a Special Resolution. This resolution is set out for the 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. 12

The Non-Executive Directors of the Company spend a considerable amount of their time and attention towards the affairs of the Company. Apart from making significant contribution at the policy making level, they also make available their expertise in their respective fields of specialization.

The Non-Executive Directors are not paid any remuneration at present, apart from the sitting fees payable for attending the meetings of the Board and Committees thereof. Keeping in view, the increased responsibilities of Non- Executive Directors and the Corporate Governance regulations, it is appropriate that they are compensated reasonably, commensurate with their responsibilities and the contributions made by them.

Section 309 (4) of the Companies Act, 1956 permits payment of a remuneration to Non - Executive Directors by way of a commission not exceeding 1% of the Net Profits collectively, if authorised by the Shareholders through a Special Resolution.

The proposed Resolution seeks the authority for payment of commission as permitted by the statute. The Resolution also seeks to authorize the Board of Directors to fix monetary ceilings on the quantum of commission payable to each Non-Executive Directors in any financial year within the permitted ceilings.

All Non - Executive Directors of the Company are interested in the resolution.

The Directors recommend that the Resolution be passed.



DIRECTOR'S REPORT

Your Directors have pleasure in presenting their Report for the financial year ended 31st March, 2009.

FINANCIAL RESULTS

The Audited Balance Sheet of your Company as at 31st March, 2009, 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)	
	2008 – 2009	2007 – 2008
Gross Income	42,639.47	27,648.64
Profit for the Year before Tax	4,337.12	4,292.95
Provision for Tax	873.32	873.12
Deferred Tax	478.72	462.90
Net Profit	2,985.08	2,956.93
Profit brought forward from Previous Year	2,205.32	2,214.17
Profit available for Appropriation	5,190.40	5171.10
Appropriations		
Provision for Dividend & Dividend Tax	989.18	965.78
Transfer to General Reserve	1,701.22	2,000.00
Balance carried forward	2,500.00	2,205.32

Your Directors are pleased to report a 54 % growth in the total income from Rs. 276.49 Crores to Rs.426.39 Crores. The Net Profits have grown by about 0.95 % compared to the previous year. The lower growth in the profits as compared to the turnover was mainly due to reduced margins in the sales of the Prefab Division.

Out of the profits, the Directors propose a transfer of an amount of Rs. 1701.22 lakhs to the General Reserve.

DIVIDEND

Your Directors are pleased to recommend a dividend of 25% (Rs. 2.50 per Equity Share). The dividend payout for the year 2008-09 will be absorbing a sum of Rs.989.18 lakhs (Rs.965.78 lakhs in the previous year) including the dividend tax, the dividend being free from Income Tax in the hands of the shareholders.

ISSUE OF SHARES ON CONVERSION OF WARRANTS

Members are aware that the company had issued 33,33,400 convertible warrants to the Promoters and Promoters Group

on the 17th March, 2008 at a price of Rs.45/- per warrant to part finance the Expansion Project of the Company. Each Warrant is convertible to one equity share of Rs.10/- each at a premium of Rs.35/- per share. As on the date of this Report, an aggregate of 22,15,748 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 reported earlier, the implementation of the further expansion project to add cement capacity of 13.20 Lakhs TPA was scheduled to be completed by December 2008. However, some changes in the machinery had to be effected to achieve better operational efficiencies.

The plans of your company to commence full fledged commercial production suffered a setback due to an accident at the project for the Grinding Unit at Kondapalli. The collapse of the wet concrete at 33.8 meters level on the 30th May 2009 resulted in the damage to the structure of the cement mill. Repair and reconstruction work has been taken up on a war footing. With suitable alternate arrangements made, your Company has been able to commence commercial production in June 2009, though at a reduced capacity utilisation. In view of the amounts expected to be recovered from the insurance claims, no cost over-run is expected to arise out of the repairs and reconstruction.

INVESTOR EDUCATION & PROTECTION FUND

The company has transferred Rs.3.01 Lakhs relating to unpaid Dividend for the Financial Year 2000-01 to the Investor Education & Protection Fund.

FIXED DEPOSITS

As on 31st March 2009, Rs 1,113.12 Lakhs of Public Deposits are outstanding. The Company repaid all the matured deposits that have been claimed.

AUDITORS

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