

# 29th

## ANNUAL REPORT

### 2009-10

*Thinking beyond building*



# NCL INDUSTRIES LIMITED



Serving Building Industry  
Since 27 Years



# NAGARJUNA CEMENT

*Extra*  
The Ordinary Portland Cement  
*a*

OPC 43, 53, 53.S Grades and PPC.



## 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. 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

## AUDITOR

P.V. Ratnam

Chartered Accountant

## BANKERS

Axis Bank Ltd

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

IDBI Bank Ltd

## FACTORIES

### CEMENT DIVISION

#### UNIT – I

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

#### UNIT – II

Kadimpothavaram,  
Village, Kondappalli,  
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

### 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

### 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

### **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

E-mail : [ncl@nclind.com](mailto:ncl@nclind.com)

Website : [www.nclind.com](http://www.nclind.com)



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**AGM on Thursday the 30<sup>th</sup> September, 2010 at 10 A.M. at  
Bharatiya Vidya Bhavan, King Koti Road, Hyderabad- 500 029.**

# NOTICE

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Notice is hereby given that the 29<sup>th</sup> Annual General Meeting of NCL Industries Limited will be held on Thursday, the 30<sup>th</sup> September, 2010 at 10 A.M. at Bharatiya Vidya Bhavan, King Koti Road, Hyderabad- 500029, to transact the following business.

## **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet of the company as at 31st March 2010 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.R.Anand, who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Mr. Vinodrai V.Goradia, who retires by rotation and is eligible for reappointment.
5. To appoint a Director in place of Mr. K.Madhu, who retires by rotation and is eligible for reappointment.
6. To appoint Auditors and fix their remuneration.

By Order of the Board  
**For NCL INDUSTRIES LIMITED**

Place: Hyderabad  
Date: August 13, 2010

**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. 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.
3. The Register of Members and Share Transfer Registers will remain closed from 23<sup>rd</sup> September, 2010 to 30<sup>th</sup> September, 2010 (both days inclusive) on account of the Annual General Meeting and Dividend payment.
4. 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 30<sup>th</sup> September, 2010, 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 22<sup>nd</sup> September, 2010, as per details to be furnished by the depositories for the purpose.
5. 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.
6. 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.
7. 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.
8. In terms of clause 49(IV)(G) of the Listing Agreement, brief Resumes of Mr. R. Anand, Mr Vinodrai V. Goradia, and Mr. K. Madhu proposed to be reappointed are detailed below:

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

#### **Mr. R. Anand**

Mr. R. Anand (aged about 76 years) is associated with the company as non executive independent Director since 1982. He is having rich experience in Textile Industry and currently

Chairman of Eastern Engineering Co (Bombay) Pvt Ltd. Mr. Anand was elected Chairman of the Board in place of Mr. K Jayabharat Reddy, who resigned on 14<sup>th</sup> June, 2008. Besides being a Director of the company, he is also a Director in Nova Silk Pvt Ltd, Indo Count Industries Ltd, NSL Textiles Limited and NSL Textiles (Edlapadu) Limited. He is holding 540 equity shares in the company.

#### **Mr. Vinodrai V. Goradia**

Mr. Vinodrai V. Goradia (aged about 73 years) has been associated with the company as Promoter Director since 1982 except a brief spell between 20.08.1987 to 27.09.1990 and is one of the original promoters. He is the proprietor of Shamji Bhanji & Co based in Mumbai engaged in chemical business. Mr. Goradia brings with him rich commercial experience.

Mr. Vinodrai Goradia is not a Director in any other company. He currently holds 4,24,970 Equity shares in the Company.

#### **Mr. K. Madhu**

Mr. K. Madhu (aged about 54 years) is a Promoter Director of the Company since 1991. He served as Joint Managing Director of the company from 25.07.1991 to 21.11.1992. Mr. Madhu is at present Managing Director of NCL Alltek & Seccolor Ltd, a company dealing in Coating Products and Building Materials. Mr K. Madhu is a graduate in Commerce and Law and a successful industrialist with over 25 years of rich experience in cement and building material Industry. He is also a director in NCL Homes Ltd, Khandaleru Power Company Ltd, NCL Wintech (India) Ltd, Kakatiya Industries Pvt Ltd and Spantile Mfg. Co. Pvt. Ltd.

Currently apart from being a director, he is a member of Audit committee, Investor Grievance committee and Remuneration committee of the company. He currently holds 11,03,629 Equity Shares in the company.

Mr. K. Madhu is the brother of Mr. K. Ravi, Managing Director.

By Order of the Board  
**For NCL INDUSTRIES LIMITED**

Place: Hyderabad  
Date: August 13, 2010

**T. ARUN KUMAR**  
Company Secretary



## DIRECTOR'S REPORT

Your Directors have pleasure in presenting their Report for the financial year ended March 31, 2010.

### FINANCIAL RESULTS

The Audited Balance Sheet of your Company as at March 31, 2010, 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)	
	2009 – 2010	2008 – 2009
<b>Gross Income</b>	<b>34,113.66</b>	42,639.47
<b>Profit Before Tax for the Year</b>	<b>2,339.41</b>	4,337.12
Provision for Tax	<b>101.81</b>	873.32
Deferred Tax	<b>1,066.82</b>	478.72
<b>Net Profit</b>	<b>1,170.78</b>	2,985.08
Profit brought forward from Previous Year	<b>2,500.00</b>	2,205.32
<b>Profit available for Appropriation</b>	<b>3,670.78</b>	5,190.40
<b>Appropriations</b>		
Provision for Dividend & Dividend Tax	<b>408.75</b>	989.18
Dividend Paid on the shares allotted subsequent to the Balance Sheet Date for 2008-09	32.69	-
Transfer to General Reserve	<b>2,075.74</b>	1,701.22
<b>Balance carried forward</b>	<b>1,153.60</b>	2,500.00

During the year under review, there has been a 20 % fall in the gross turnover, and 61 % in Net Profit compared to the previous year. The substantial decline in turnover and profits compared to the previous year was mainly due to lower realization of cement prices. Unprecedented floods, civil disturbances in Andhra Pradesh and reduced turnover and margins in Prefab Division also contributed to the decline in performance.

Out of the profits, the Directors propose a transfer of an amount of Rs. 2075.74 lakhs to the General Reserve.

### DIVIDEND

In view of the lower profitability, your Directors are constrained to recommend a lower dividend of 10%, compared to the

25% dividend declared in the previous year. The dividend payout for the year 2009-10 will be 1.00 per share absorbing a sum of Rs 408.75 lakhs (Rs.989.18 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 17<sup>th</sup> 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. In spite of the lower ruling prices of the shares, the Promoters honoured their commitment by converting the warrants at the issue price.

### 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 completed and the units successfully commenced commercial operations during the year under review. While the Cement Grinding Unit at Kondapalli has been able to commence its commercial production in June 2009, Simhapuri Unit commenced commercial operation in the last week of March, 2010. With the expansion project, your company has graduated from Mini Cement plant category to become one of the major cement plants in Andhra Pradesh.

### INVESTOR EDUCATION & PROTECTION FUND

The company has transferred Rs.4.39 lakhs relating to unpaid Dividend for the Financial Year 2001-02 to the Investor Education & Protection Fund.

### FIXED DEPOSITS

As on 31<sup>st</sup> March 2010, Rs 1,604.54 lakhs of Public Deposits are outstanding. The Company repaid all the matured deposits that have been claimed.



## AUDITORS

Mr.L.N.Prayaga, the founder partner of the firm M/s Prayaga & Co., Chartered Accountants, the statutory auditors of the company expired on 23<sup>rd</sup> May, 2010. At its Meeting held on 30<sup>th</sup> May, 2010 the Board of Directors appointed Mr. P.V.Ratnam, Chartered Accountant as Auditor of the company to fill the casual vacancy caused by the demise of Mr. L.N.Prayaga. As per the provisions of Section 224 of the Companies Act, 1956, Mr. P. V. Ratnam holds office till the conclusion of the ensuing Annual General Meeting. Your Directors propose that Mr. P. V. Ratnam be reappointed as Auditor.

## COST AUDITORS

Mr. R. Srinivasa Rao, Cost Accountant, the 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 2010-2011.

## DIRECTORS

Mr. K.Madhu, Mr.R.Anand and Mr. V.V.Goradia Directors retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. Appropriate resolutions for their appointment as Directors are proposed in the Annual General Meeting.

## CORPORATE GOVERNANCE

A separate Report of compliance with the provisions relating to Corporate Governance as required by Clause 49 of the Listing Agreement with the Stock Exchanges is enclosed as **Annexure 'A'** to this Report.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report is annexed as **Annexure 'B'** to this Report.

## DIRECTOR'S RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217 (2AA) of the Companies Act, 1956, the Directors of your Company confirm:

- I. That all applicable accounting standards have been followed in the preparation of annual accounts and that there are no material departures.
- II. That the Directors selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give

a true and fair view of the state of affairs of the company as at 31<sup>st</sup> March, 2010 and of the profit of the Company for the year ended on that date.

- III. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- IV. That the Directors prepared the Annual Accounts on a going concern basis.

## PARTICULARS OF EMPLOYEES

The details of employees who have been in receipt of the remuneration envisaged by Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended is annexed as **Annexure –C** to this Report.

## ADDITIONAL INFORMATION

The information required to be disclosed in terms of Sec.217 (1) (e) of the Companies Act, 1956 relating to conservation of energy, technology absorption and foreign exchange etc., is furnished in **Form A & B** and forms part of this report.

## ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation of the support and co-operation extended by IREDA, SBI, SBH, OBC, Axis Bank, Corporation Bank, Canara Bank, State Bank of Mysore, Central Bank of India, IDBI Bank and Central and State Government Departments, Dealers, Stockiest, Consumers and Depositors.

Your Directors also wish to place on record their appreciation of the excellent enthusiastic support received from the shareholders.

Your Directors have pleasure in acknowledging the excellent co-operation received from the team of dedicated executives and employees who have contributed handsomely to the operations of the company.

For and on behalf of the Board

Place: Hyderabad  
Date: August 13, 2010

**R. ANAND**  
Chairman





## FORM-A

### I. FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	Current Year 2009-10	Previous Year 2008-09
<b>A. POWER AND FUEL CONSUMPTION</b>		
<b>1 ELECTRICITY</b>		
<b>a. Purchased</b>		
Units - Lakhs	625	612
Total Amount ( Rs.In Lakhs)	2,105	2,006
Rate/Unit( Rs )	3.37	3.28
<b>b. Own Generation</b>		
Through Diesel Generator ( Units Kwh Lakhs)	9.19	6.06
Total Amount ( Rs.In Lakhs )	97.42	75
Rate/Unit( Rs )	10.60	12.40
<b>2 COAL</b>		
Quantity ( Tonnes )	1,01,795	90,253
Total Cost (Rs.In Lakhs)	2,681	2,529
Average Rate/Tonne(Rs)	2,634	2,802
<b>3 FIRE WOOD</b>		
Quantity ( MT )	4,750	5,519
Total Cost ( Rs. In Lakhs )	111	73
Average Rate/Tonne(Rs)	2,337	1,316
<b>4 CONSUMPTION PER MT OF PRODUCTION</b>		
<b>Electricity - Units</b>		
Cement Division	91.31 *	94.05 *
Boards Division	176.13	180.09
<b>Coal - MT (Cement Division)</b>	17% *	16% *
Kcal/Kg clinker	772	779
*Per MT of equivalent Ordinary Portland Cement		

## FORM-B

### II. 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

For and on behalf of the Board

Place : Hyderabad  
Date : August 13, 2010

**R. ANAND**  
CHAIRMAN


**1) Company's philosophy on Corporate Governance**

The company's philosophy on corporate Governance is to conform to the code of corporate governance in letter and spirit as an aid to efficient conduct of its business and in meeting its obligations to shareholders.

**2) Board of Directors:**
**a) Constitution & Size of the Board**

During the year under review, your Board of Directors had 12 Directors, 4 being Executive Directors and 8 Non-Executive Directors. Five of the Non Executive Directors, including the Chairman are independent. Mr.S.S.Raju, Executive Director of the company has been appointed as Joint Managing Director w.e.f. 1<sup>st</sup> August, 2009. Mr.P.N.Raju has been re-appointed as Executive Director and Mr.K.Gautam has been inducted as Executive Director w.e.f 1<sup>st</sup> August,2009.

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

Seven Board Meetings were held during the year 2009-2010. The dates on which the said meetings were held are as under:

- |                                  |                                |                                |
|----------------------------------|--------------------------------|--------------------------------|
| (1) 23 <sup>rd</sup> May, 2009   | (2) 29 <sup>th</sup> June 2009 | (3) 27 <sup>th</sup> July 2009 |
| (4) 29 <sup>th</sup> Sept 2009   | (5) 31 <sup>st</sup> Oct 2009  | (6) 30 <sup>th</sup> Jan 2010  |
| (7) 30 <sup>th</sup> March 2010. |                                |                                |

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

Name of the Director	Categories Of Directorship*	No of Board Meeting attended	Attendance at last AGM	Directorship in other Companies	No. of memberships of other Committees** as	
					Chairman	Member
R. Anand	I & NED	6	Yes	6	--	4
M. Kanna Reddy	I & NED	7	Yes	1	--	--
M. Bhaskara Rao	I & NED	6	Yes	1	--	--
S. Mallikharjuna Rao (upto 30 <sup>th</sup> June, 2009)	I & NED	2	No	--	--	--
Kamlesh Gandhi	I & NED	6	Yes	6	1	1
V.V. Goradia	NED	3	Yes	--	--	--
K Madhu	NED	7	Yes	6	--	--
P.S.Reddy	I & NED	5	Yes	7	1	1
GDLSN Raju	NED	6	Yes	3	--	--
K.Gautam (From 1 <sup>st</sup> August, 2009)	ED	3	Yes	--	--	--
P.N.Raju	ED	7	Yes	1	--	--
S.S.Raju	JMD	7	Yes	1	--	--
K. Ravi	MD	7	Yes	5	--	--

\*\* As per explanation to clause 49.1 (C),only Audit committee and Shareholders grievance committee have been considered for the purpose

\* I & NED Independent and Non- Executive Director

NED Non-executive Director

ED Executive Director