



31st ANNUAL REPORT 2011-12



NCL INDUSTRIES LIMITED



Sri K. Ravi, Managing Director of NCL Industries Limited, receiving the **“Excellence in Workers’ Welfare” - FAPCCI Award for 2010-11** from the Hon’ble Chief Minister of Andhra Pradesh, Sri N. Kiran Kumar Reddy.



BOARD OF DIRECTORS

Chairman

Mr. R. Anand

Directors

Mr. Vinodrai V. Goradia

Mr. M. Bhaskara Rao (IREDA Nominee)

Mr. M. Kanna Reddy

Mr. K. Madhu

Mr. Ashven Datla

Mr. Kamlesh Gandhi

Mr. K. Gautam - Executive Director

Mr. P.N. Raju - Executive 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

IDBI Bank Ltd

Indian Renewable Energy Dev. Agency Ltd

Oriental Bank of Commerce

State Bank of Hyderabad

State Bank of India

State Bank of Mysore

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,
Nandikotkur TQ.
Kurnool District
Andhra Pradesh
Pincode - 518402

UNIT – II

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

READY MIX CONCRETE DIVISION

Unit - I

Plot No 91/c, D Block ,
Autonagar, Gajuwaka,
Visakhapatnam

Unit - II

Plot 11, A/2, Phase 1,
IDA, Patancheru (V)
Medak Dist

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

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C O N T E N T S

Notice	03
Directors Report	09
Report on Corporate Governance	13
Management Discussion & Analysis Report	22
Auditors Report	25
Balance Sheet	27
Statement of Profit & Loss	28
Cash Flow Statement	29
Notes	30
Proxy Form	47

**AGM on Friday the 14th September, 2012 at 11.00 A.M. at
Bharatiya Vidya Bhavan, King Koti Road, Hyderabad- 500 029.**



Notice is hereby given that the 31st Annual General Meeting of NCL Industries Limited will be held on Friday, the 14th September, 2012 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 2012 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.K.Gautam who retires by rotation and is eligible for reappointment.
5. To appoint a Director in place of Mr.P.N.Raju who retires by rotation and is eligible for reappointment.
6. To appoint Auditors and fix their remuneration.

Members are hereby informed pursuant to Section 225 of the Companies Act, 1956 that a Special Notice has been received from a Member, signifying his intention to propose the following Resolution at the Meeting:

“RESOLVED that M/s Venugopal & Chenoy, Chartered Accountants be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Meeting till the conclusion of the next Annual General Meeting, at a remuneration to be mutually agreed to between the said Auditors and the Board of Directors of the Company.”

SPECIAL BUSINESS

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

“RESOLVED that in accordance with the provision of Sections 198, 309, 310 read with Schedule XIII and other applicable provisions, if any of the Companies Act 1956, the revision in remuneration of Mr. K Ravi, Managing Director with effect from 1st April 2012 at the following remuneration, be and is hereby approved.”

Salary: Rs. 5,00,000/- per month (with an annual increment of Rs. 75,000/- per Month)

Commission: 2% of the net profit of the Company computed in a manner laid down under section 198 of the Companies Act, 1956 (subject to a monetary ceiling as fixed by the Board from time to time).

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.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 purposes.

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 in the case of inadequacy of profits in any year, the remuneration payable to him shall be limited to the applicable ceiling prescribed under Schedule XIII to the Companies Act, 1956 (Para B of Section II), which at present is Rs. 4,00,000/- per Month.”

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

“RESOLVED that in accordance with the provision of Sections 198, 309, 310 read with Schedule XIII 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 1st April, 2012 at the following terms, be and is hereby approved.”

Salary: Rs. 3,00,000 /- per month (with an annual increment of Rs. 45,000/- per month)

Commission: 1% of the net profit of the company computed in a manner laid down under section 198 of the



Companies Act, 1956 (subject to a monetary ceiling as fixed by the Board from time to time)

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/equivalent Special Allowance as may be opted by the appointee.

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 purposes.

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 in the case of inadequacy of profits in any year, the remuneration payable to him shall be limited to the applicable ceiling prescribed under Schedule XIII to the Companies Act, 1956 (Para B of Section II), which at present is Rs. 4,00,000/- per Month."

9. 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, 309, 310 read with Schedule XIII and other applicable provisions, if any of the Companies Act 1956, the revision in remuneration of Mr.K.Gautam Executive Director with effect from 1st April, 2012 at the following terms, be and is hereby approved."

Salary: Rs. 2,00,000 /- per month (with an annual increment of Rs. 30,000/- 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 purposes.

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."

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(1) and other applicable provisions, if any, of the Companies Act, 1956, the payment of remuneration of Rs. 57,114/- per month from 1st April, 2012 on a Cost to the Company basis to Mr. Aswin Goradia, Asst.General Manager (Marketing) be and is hereby approved."

"FURTHER RESOLVED that the Board of Directors be and is hereby authorized to grant such increments as they may deem fit to Mr. Aswin Goradia, within the ceilings prescribed by Section 314 of the Companies Act, 1956."

By Order of the Board.
for NCL INDUSTRIES LIMITED,

Place: Hospet
Date: 31st July, 2012

T. ARUN KUMAR
Company Secretary



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 7th September, 2012 to 14th September, 2012 (both days inclusive) on account of the Annual General Meeting and Dividend payment.
 5. The Dividend as recommended by the Board, if sanctioned at the Meeting, will be paid within 30 days from the date of declaration at the ensuing meeting to those members whose names appear on the Register of Members as on 14th September 2012, 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 hours on 6th September 2012, as per details to be furnished by the depositories for the purpose.
 6. 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 of Directors proposed to be appointed or reappointed at the Meeting are given. The resumes of Mr. K Ravi, Managing Director, Mr.P.N. Raju, and Mr.K.Gautam, Executive Directors under the Special Business are included as a part of Explanatory Statement to Item 7, 8 & 9.
 10. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" vide MCA Circular No.18/2011 read with Circular No 17/95/2011 CL.V, Government of India, Ministry of Corporate Affairs dated 29/04/2011 by allowing paperless compliances by the companies and has issued circulars stating that notices/documents including Annual Reports can be sent by e-mail to its members. The company appreciates and supports this green initiative and requests the members to give their consent and register their e-mail address to receive the future correspondence, including Annual Reports through e-mails. Members who are holding shares in demat form are requested to register their e-mail through their Depository Participants concerned and the members who hold the shares in physical form are requested to send their consent and e-mail address to the Company's Registrar and Share Transfer Agents M/s Venture Capital& Corporate Investments (P)Ltd .
 11. Members are also requested to lodge their e-mail ID's along with name and Folio/Client ID No. at the following address /e-mail to enable us to send all future communications including Annual Reports through e-mode.
- Company Secretary,**
NCL Industries Limited
7th Floor, Raghavaratna Towers, Chirag Ali Lane
Abids, Hyderabad-500001
e- mail cs@nclind.com
- Address of Registrar and Share Transfer Agents**
Venture Capital & Corporate Investments (P)Ltd
12-10-167 (MIG), Bharath Nagar, Hyderabad -500 018
Phone : 040-23818475/76&23868023
e-mail: info@vccilindia.com



Brief Resume of Directors proposed to be reappointed.

Mr.M.Kanna Reddy

Mr. M. Kanna Reddy (78 years) is associated with the company as non executive independent Director since 19.12.1997. As a Chartered Accountant he has rich work 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 Alltek & 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.K.Gautam

Mr. K. Gautam (31 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. Gautam does not hold directorship of any other company. He currently holds 4,87,907 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 related to Mr. K. Madhu, Director as his son and to Mr. K. Ravi as his nephew.

Mr. P.N.Raju

Mr. P. N. Raju (61 years) is B.E (Mech.) and has rich experience in Marine Engineering and other business activities. 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 April, 2006.

Mr. Raju is also a Director in Khandaleru Power Company Ltd. He currently holds 7,44,241 Equity shares in the Company.

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

ITEM NO.7 & 8

At its meeting held on 30th May, 2012, the Board of Directors have revised the remuneration of Mr. K. Ravi, Managing Director and Mr.P.N. Raju, Executive Director w.e.f. 1st April, 2012 as per the recommendation of the Remuneration Committee and as prescribed in Schedule XIII of the Companies Act, 1956 as detailed in the resolution.

Based on the Net Profits for the year ended 31st March 2012, 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, as warranted 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.

According to Section 310 of the Companies Act, 1956 read with Para B, Part II, Section II of Schedule-XIII of the said Act, any revision in remuneration payable to Managing /Whole time Director (subject to ceiling limits as prescribed) 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 – The Company is operating in five segments -Cement, Boards, Prefab structures, Hydel Power and Ready Mix Concrete.
- (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 Year	2007-2008	2008-2009	2009-2010	2010-2011	2011-12
Parameters					
Turnover	27648.64	42639.47	34113.66	56566.20	76383.84
Net Profit (as computed u/s. 198)	4279.47	4458.64	2452.13	2968.71	6639.30
Net profit as per profit and loss Account	2956.93	2985.06	1170.78	2341.29	4425.48
Amount of Dividend paid#	965.78	989.18	408.75	609.08	812.10
Rate of dividend Declared	25%	25%	10%	15%	20%*

including dividend Tax

* Dividend Proposed

(5) Export performance: Rs. 302.20 Lakhs Foreign Currency Earnings- FOB basis for the Financial Year 2011-12.

(6) Foreign investments or collaborators, if any – (a) The Company manufactures Bison Panel, which is basically a multi-purpose Cement Bonded Particle Board (CBPB) in Technical Collaboration with BISON WERKE of Germany. (b) The Company has entered into a Joint Venture agreement with VST-Verbundschalungstechnik GmbH, Austria for erecting high rise building using the VST Technology. A joint venture company called NCL- VST infra limited has been formed to take up the activity. (JV put on hold for the time being)

II. INFORMATION ABOUT THE APPOINTEES:

(1) Background Details –

- (a) Mr. K Ravi (58 years), is a Diploma holder in Electrical Engineering with specialization in power stations network and systems, and has over 35 years of rich experience in managing cement, chemical and hydel power plants. He successfully implemented the hydel power projects of NCL Energy Ltd. Apart from being the Managing Director of NCL Industries Ltd., Mr.Ravi holds directorship in Khandaleru Power Company Ltd, NCL- VST Infra Ltd, Kakatiya Industries Pvt. Ltd., Nagarjuna Cerachem Pvt. Ltd., Deccan Nitrates Pvt. Ltd and Vikram Chemicals Private Ltd.
- (b) Mr. P. N. Raju (61 years), 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.and re-appointed him as Executive Director w.e.f from 1st August, 2009. In recognition of the contribution made by him, and considering the growth achieved by the Company, the Board has decided to revise his remuneration with effect from 1st April,2012. 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. Mr. Raju is also a Director in Khandaleru Power Company Ltd

(2) Past Remuneration -

Financial Year	Mr.K.Ravi(MD)	Mr.P.N.Raju(ED)
2011-12	Rs.166.79 Lakhs	Rs.69.67 Lakhs
2010-11	Rs. 79.07 Lakhs	Rs.19.10 Lakhs
2009-10	Rs. 55.40 Lakhs	Rs.16.43 Lakhs

(3) Recognition and Awards:

Mr.K.Ravi , Managing Director has been conferred with the “Entrepreneur of the Year -2012 Award by Hyderabad Management Association in recognition of his outstanding entrepreneurship, innovativeness and strategies as exemplified by the high levels of growth and performance of NCL Industries Limited.

(4) Job profile and his suitability

Mr.K.Ravi is the 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.

Mr.P.N.Raju is in-Charge of operations of both cement and Ready Mix Concrete divisions subject to the superintendence, direction and control of the Managing Director.



(5) Remuneration proposed -

As set out in the resolution for the Item No 7 & 8 .The remuneration proposed to be paid to the Managing Director/ Executive 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 /Executive Director in 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, Mr.K.Ravi is holding of 18,57,421 equity shares and Mr.P.N.Raju is holding 7,44,241 equity shares in the Company. Mr. K Ravi and Mr.P.N.Raju do not have any other pecuniary relationship with the Company.

The terms and conditions of their appointments may be treated as an abstract of terms of appointment and remuneration payable to the Managing/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, Mr. K. Madhu, his brother and Mr.P.N.Raju are interested in the proposed resolution.

ITEM NO. 9

Mr. K. Gautam was appointed as Executive Director of the Company for a period of 5 years w.e.f. 1st August, 2009. 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 30th May 2012, increased his salary w.e.f 1st April 2012.

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.

The Board recommends this resolution for your approval.

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

Item No.10

Mr. Aswin Goradia is the son of Mr. Vinodrai Goradia, Director. Holding of any office of profit and payment of remuneration to a relative of any director are governed by the provisions of Section 314 of the Companies Act, 1956. This Section requires the approval of the shareholders and/or the approval of the central government if the remuneration is beyond prescribed ceilings.

Members may recall that at the 27th Annual General Meeting held on 29th September, 2008 they have passed a Special Resolution approving the appointment of Mr. Aswin Goradia as Regional Manager. The Board was also authorized to grant him increments so that his total remuneration would not exceed Rs. 50,000/- per month, which was at that time the ceiling of remuneration that could be approved by the shareholders by way of a special resolution.

Subsequently, vide Notification No. G.S.R.357 (E) Dated 2nd May, 2011, the Ministry of Corporate Affairs enhanced the ceiling of payment of remuneration with the approval of the Special Resolution up to Rs 2,50,000/- per month.

At its meeting held on 31st July, 2012 the Board approved re-designation of Mr. Aswin Goradia as Asst.General Manager (Marketing) with enhanced responsibilities, and the payment of an increased remuneration of Rs. 57, 114/- per month with effect from 1st April, 2012. This remuneration is subject to the approval of the Shareholders through a Special Resolution, as required by Section 314 of the Companies Act. 1956.

Your Directors seek your approval for the above remuneration paid/payable to Mr. Aswin Goradia, and grant him increments within the ceilings prescribed under the provisions of Section 314 of the Companies Act, 1956.

None of the Directors except Mr.Vinodrai V.Goradia deemed to be concerned or interested in the proposed resolution. Your directors recommend that the resolution be passed.