

Strongly  
Positioned

Expanded clinker and cement  
grinding unit at Simhapuri



Newly commissioned 30,000 TPA  
boards plant at Simhapuri



Upcoming Doors factory in  
Malkapur, Hyderabad

NCL INDUSTRIES LIMITED

Annual Report 2017-18

# Contents

## Overview

02	Our Business Profile
03	Products and Plant Locations
04	A Word from the Managing Director
05	2018 Highlights
06	How We performed
08	Corporate Information

## Governance

10	Notice
15	Directors' Report
20	Report On Corporate Governance
31	Management Discussion and Analysis Report

## Financial Statements

36	Secretarial Audit Report
52	Independent Auditors Report
58	Balance Sheet
60	Statement of Profit & Loss
64	Cash Flow Statement
66	Notes
101	Attendance Slip & Proxy Form

## Disclaimer

Statements in this report that describe the Company's objectives, projections, estimates, expectations or predictions of the future may be 'forward-looking statements' within the meaning of the applicable securities laws and regulations. The Company cautions that such statements involve risks and uncertainty and that actual results could differ materially from those expressed or implied. Important factors that could cause differences include raw materials' cost or availability, cyclical demand and pricing in the Company's principal markets, changes in government regulations, economic developments within the countries in which the Company conducts business, and other factors relating to the Company's operations, such as litigation, labour negotiations and fiscal regimes.

Our Founder | Our Inspiration | Our Guide



Mr. K. RAMACHANDRA RAJU  
(22-07-1934 - 28-06-2008)

“We strive to make you  
proud of the company  
you started”

## Our Business Profile

NCL Industries Limited derives over 80% of its revenues from the cement business operating mainly in south India with an installed capacity of 2.70 million tons per annum. The rest of the sales come from segments like cement bonded particle board, ready mix concrete and hydro power. The company's strong brand equity, premium positioning in north coastal AP and low cost capacity expansion are key triggers for the company's future growth. The company is poised to benefit from the upcoming demand revival in south, increased thrust on low cost housing and infrastructure segments.



### Cement

The company markets cement under the brand name Nagarjuna which is available in various grades of ordinary Portland and pozzolana portland cement. In addition, the company also manufactures a special cement for supply to Indian Railways for concrete sleepers. To strengthen backward integration, company has a cement grade limestone mining lease for an area comprising of more than 210 hectares. NCL is one the major cement supplier for Polavaram Irrigation project

### Ready Mix Concrete

The company has Four plants for making RMC in Hyderabad & Visakhapatnam. These plants are equipped with adequate number of transit mixers.



### Cement Bonded Particle Boards

Bison Panel is a cement bonded particle board made out of 62% cement & 28% wood. Due to adoption of a special manufacturing process, the panel acquires the strength & durability of cement & the workability of wood. Bison Panels are extensively used for several interior and exterior applications such as roof sarking of the modern airports in India. Bison Panels are fire, termite and moisture resistant.

### Hydro Power

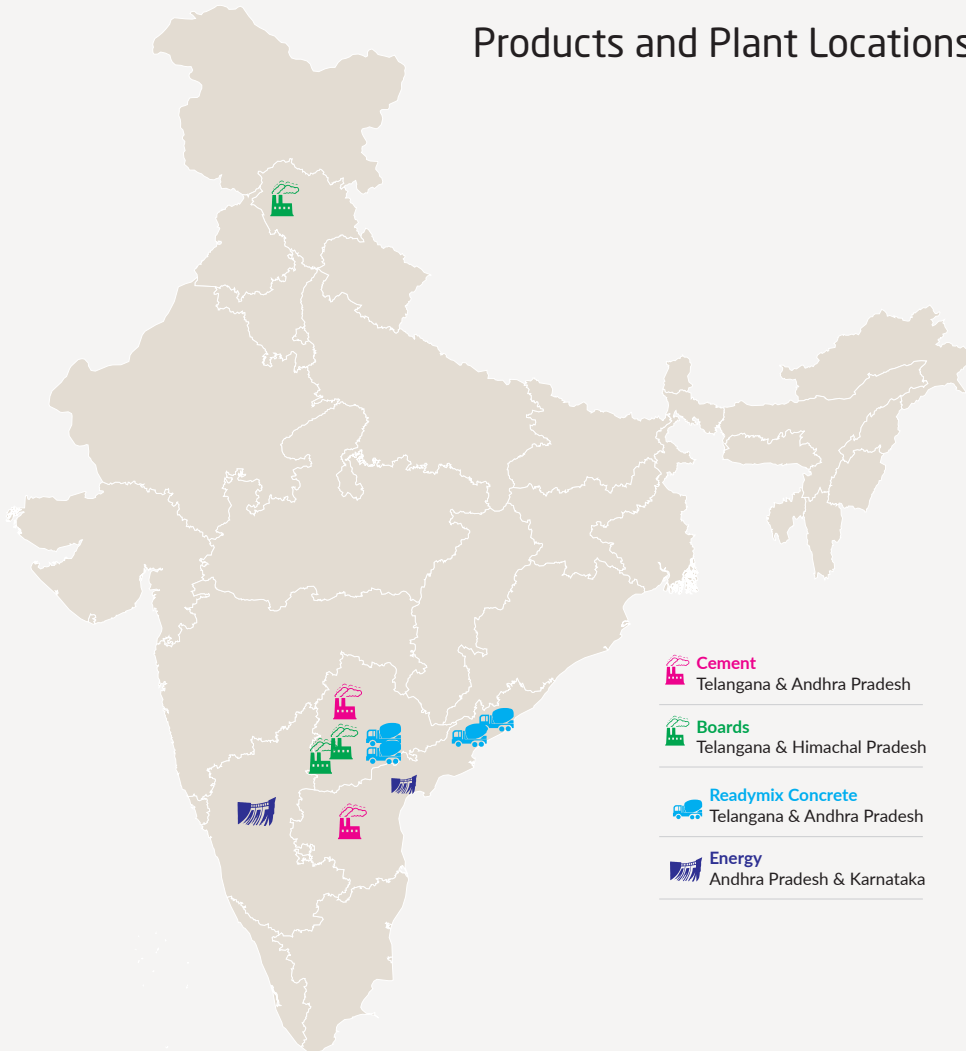
Energy Division has two hydro power projects - the first is at the head regulator of Srisailem Right Main Canal and the second hydel project is on Right Bank High Level Canal of Tungabhadra dam, both together producing 40-50 million units of green power per annum

### Readymade Doors

NCL Industries has collaborated with AGT, a global manufacturer with advanced technology in building materials based in Turkey. NCL is setting up a two lakh square feet factory in Malkapur, Hyderabad, to produce ready made doors of 1000 Nos per shift



## Products and Plant Locations



### CEMENT

Ordinary Portland Cement  
Portland Pozzolona Cement  
53-S Grade Cement

Unit - 1: Simhapuri, Telangana  
Unit - 2: Kondapalli, Andhra Pradesh

Capacity: 2.70 Million Tons  
Markets: Andhra Pradesh, Telangana State,  
Tamil Nadu, Karnataka, Pondicherry.

### CEMENT BONDED PARTICLE BOARD

Plain, Laminated, Designer Boards & Planks  
Unit - 1: Simhapuri, Telangana  
Unit - 2: Paonta Sahib, Himachal Pradesh  
Unit - 3: Simhapuri, Telangana

Capacity: 90,000 Tons

### HYDRO POWER PROJECTS

Unit - 1: Pothireddypadu, Andhra Pradesh  
Unit - 2: Hospet, Karnataka

Installed capacity: 15.75 MW

### READY MIX CONCRETE

Unit - 1: Autonagar, Visakhapatnam, Andhra Pradesh  
Unit - 2: Patancheru, Hyderabad, Telangana State  
Unit - 3: Rampally, Hyderabad, Telangana State  
Unit - 4: Vellanki, Visakhapatnam, Andhra Pradesh

### DOORS DIVISION

Malkapur, Telangana State

## A Word from the Managing Director



The focus during the current year will be to broaden and deepen our customer base, strengthen human resources, and greater operational efficiencies.



### Dear Shareholders

I am delighted to report several significant developments since my last communication in the Annual Report for FY 2017. All the expansion projects that we embarked upon have been successfully implemented. A new project for manufacture of high end doors has been taken up. FY 2018 recorded the highest ever turnover in your company's history.

The total revenue of Rs. 1,340 Crores represented a growth of over 15% compared to the previous year. Profit Before Tax (Rs. 74 Crores) recorded a 20.7% rise over the previous year (Rs. 62 crores). However, as explained in the Directors' Report, higher provision for tax including deferred tax resulted in a fall in the Profit After Tax (PAT) from Rs. 55 crores to Rs.49 Crores.

Successful conclusion of the Equity issue through the QIP route and repayment of a substantial part of the loans from the issue proceeds helped your company to strengthen its financials. These developments have placed your company on a firm platform. We are now poised to consolidate the gains and prepare for further growth.

The focus during the current year will be to broaden and deepen our customer base, strengthen human resources, and greater operational efficiencies. Our able team of executives are sparing no efforts in achieving these objectives.

On the CSR front, it is a matter of immense satisfaction that the Junior College established by your company is shaping up very well. This college will help to realise the aspirations of the youth in the vicinity of the plant to get quality education after the high school stage.

Overall, the year that has gone by has been eventful and exciting. I look forward to coming with more good reports in my next communication.

Thank you,

**K Ravi**  
Managing Director

## 2018 Highlights

### Revenue

**₹1,33,999** lakhs

(FY 17 ₹ 1,16,902 lakhs )

**+ 14.62%**

### Profit Before Tax

**₹7,437** lakhs

(FY17 ₹ 6,161 lakhs )

**+ 21.71%**

### Cement Sales

**₹1.82** Million Ton

(FY17 1.53 Million Ton )

**+ 19.13%**

### Qualified Institutional Placement (QIP)

During the year under review, your company has successfully raised an amount of Rs. 202 crores by way of Qualified Institutional Placement (QIP). Out of the proceeds of the QIP issue, an amount of Rs.165 Crores has been utilized for redemption of the Non Convertible Debentures (NCDs) and the balance amount was spent towards capital expenditure of ongoing projects.

### Financial Performance

Topline growth was primarily aided by growth in cement production and sales. Profit Before Tax (Rs. 74.37 Crores) recorded a 20.7% rise over the previous year (Rs. 61.61 crores), However, higher provision for tax including deferred tax resulted in a fall in the profit after tax (PAT) from Rs. 54.69 crores to Rs.49.11 Crores.

### Cement Division

Commercial Production at the expanded clinker and cement grinding capacity commenced from 7th March, 2018.

### Boards Division:

Production at the newly set up, 30,000 TPA capacity third boards plant commenced from 2nd December, 2017

### Ready Mix Concrete

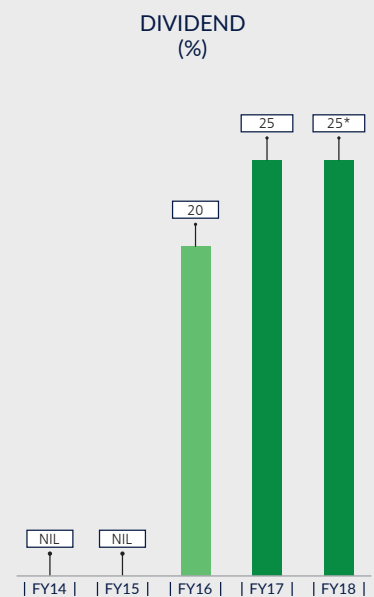
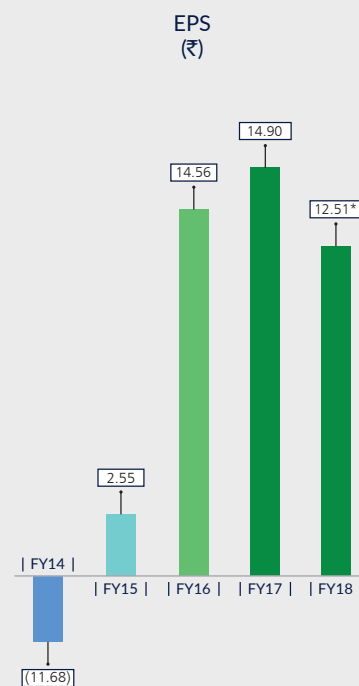
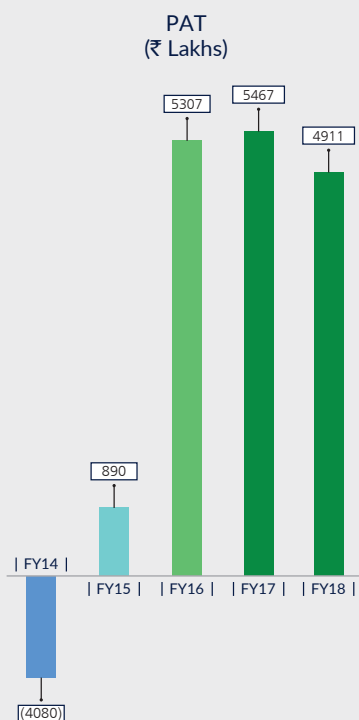
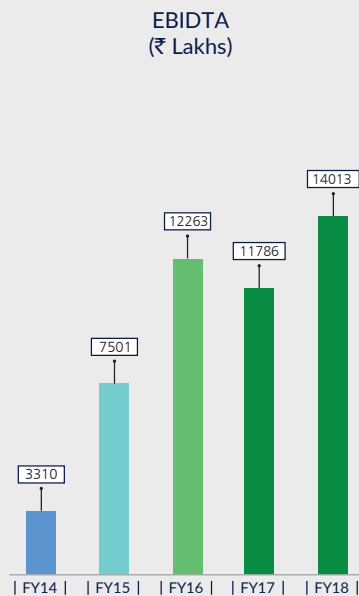
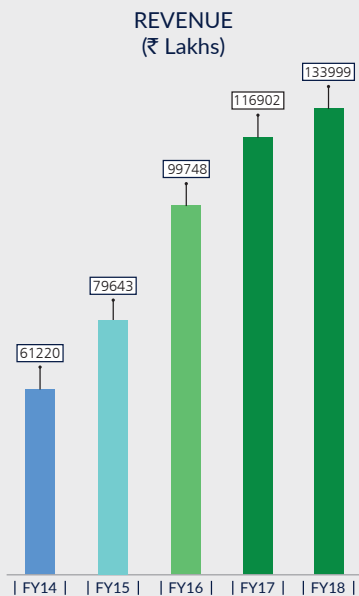
New Ready Mix Concrete unit at Visakhapatnam, commenced its commercial operations from 14th December, 2017.

### Product Diversification

#### Readymade Doors

NCL Industries has collaborated with AGT, a global manufacturer with advanced technology in wood industry, based in Turkey. NCL is setting up a two lakh square feet factory in Malkapur, Hyderabad, with capacity to produce 1000 doors per shift. Production is scheduled to start in 2018-19.

## How We performed

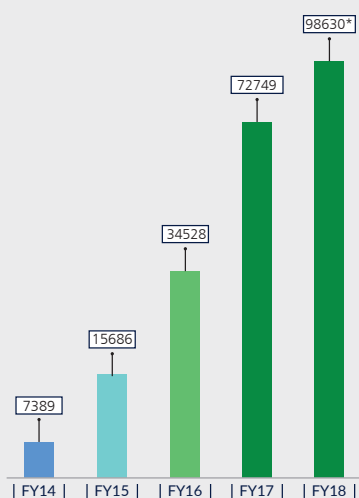


\*Increased Equity Capital

\*Proposed Dividend

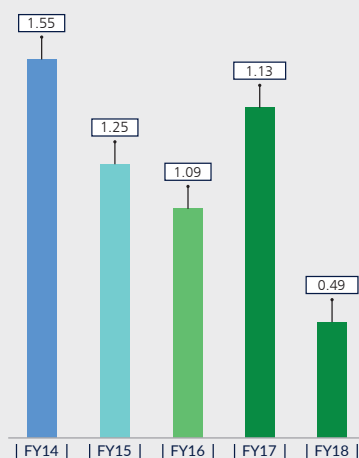


MARKET CAP  
(₹ Lakhs)

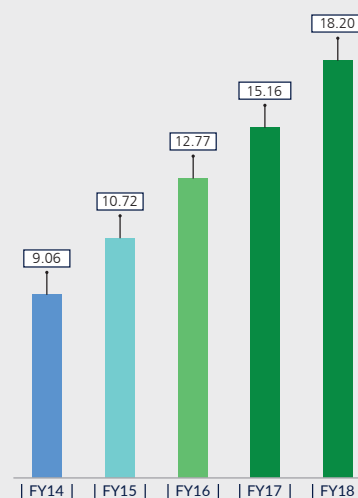


\*Increased Equity Capital

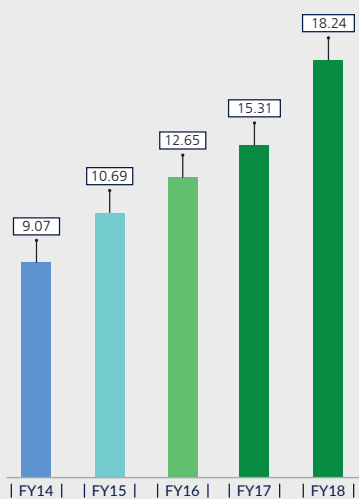
DEBT EQUITY RATIO  
No. of Times



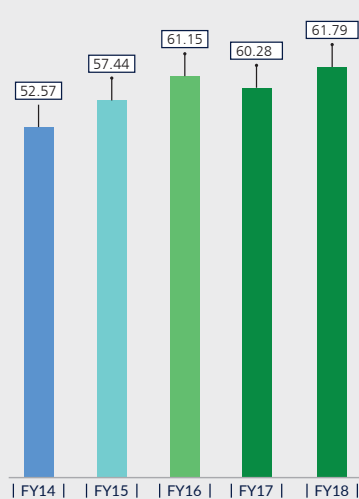
CEMENT PRODUCTION  
(LAKH MTs)



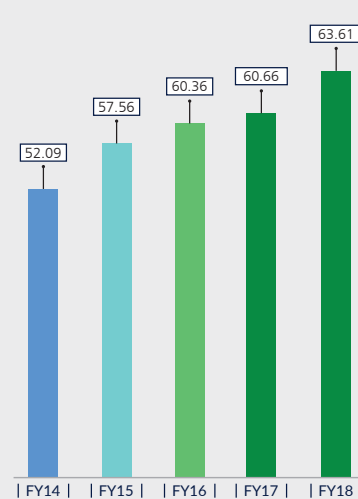
CEMENT SALES  
(LAKH MTs)



BOARDS PRODUCTION  
(THOUSAND MTs)



BOARDS SALES  
(THOUSAND MTs)



## Milestones to Smile About

### 1979:

Late Shri K Ramachandra Raju – first generation entrepreneur established Nagarjuna Cements Ltd- the company and commenced business.

### 1982:

IPO of 11,10,000 equity shares.

### 1984:

Commercial production of cement at 66,000 tonnes started.

### 1985:

Declared 20% dividend (12% interim + 8% Final)

### 1987:

Changed the name from Nagarjuna Cements Ltd to NCL Industries Ltd.

### 1989:

Merger of Klayman Porcelains Ltd and Issue of shares at 2:5 to KPL shareholders. Commencement of cement production after expansion to 1,98,000 TPA.

### 1990:

Rights – cum – Public issue of equity shares.

### 1992:

Issued shares on right basis 1:5 at Par  
Commencement of Ceramic Unit – using natural gas for first time in the country.

### 1993:

Commercial production of Cement Bonded Particle Boards in technical collaboration with Bison Werke, Germany.

### 1996:

Prefab division executes orders worth Rs.2148 Lacs.

### 1997:

Introduction of Laminated Cement Bonded Particle Boards – first time in the world.

### 1998:

ISO certification for Boards division & Cement Division. Ceramic division hived off under the scheme of arrangement to Vijay Porcelain Products Ltd.

### 2003:

Commenced cement production with expanded capacity of 2,97,000 TPA.

## Corporate Information

### BOARD OF DIRECTORS

Mr. R. Anand  
Chairman (Independent)

Kamlesh Gandhi  
Independent Director

Dr.R.Kalidas  
Independent Director

Lt.Gen. T.A.D'Cunha (Retd)  
Independent Director

V.S.Raju  
Independent Director

V.V.Goradia  
Non-Executive Director

K Madhu  
Non-Executive Director

P.N Raju  
Non-Executive Director

Ashven Datla  
Non-Executive Director

Mrs. Roopa Bhupatiraju  
Non-Executive Director

K.Ravi  
Managing Director

N.G,V.S.G Prasad  
Executive Director & CFO

K.Gautam  
Executive Director

COMPANY SECRETARY  
Mr. T. Arun Kumar

AUDITORS  
VENUGOPAL & CHENoy  
Chartered Accountants  
4-1-889/16/2, Tilak Road,  
Hyderabad - 500 001, Telangana

COST AUDITORS  
S R and ASSOCIATES  
F 26, Raghavaratna Towers  
Chirag Ali Lane , Abids  
Hyderabad 500001, Telangana

SECRETARIAL AUDITORS  
AJ SHARMA & ASSOCIATES  
Company Secretaries  
5-8-352, No. 17, Raghava  
Ratna Towers, Chirag Ali Lane, Abids,  
Hyderabad - 500 001.

FACTORIES  
CEMENT DIVISION  
Simhapuri, Mattampally Mandal  
Suryapet Dist.  
Telangana State  
Pincode - 508204

Kadimpothavaram Village  
Kondapalli,  
Krishna District, A.P.  
Pincode - 521228

BOARDS DIVISION  
Simhapuri, Mattampally Mandal  
Suryapet Dist.  
Telangana State  
Pincode - 508204

Bhatanwali 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 - 518 402