

# PARTNERING THE DRIVE FOR GROWTH



**NCL INDUSTRIES LIMITED**

ANNUAL REPORT 2019-20

# Contents

## Overview

**02**

About Us

**04**

Message from  
The Managing Director

**05**

How We Performed  
Financial Highlights

**06**

Review of Business

**10**

Corporate Information

## Governance

**11**

Notice

**21**

Directors' Report

**26**

Report on Corporate Governance

**40**

Business Responsibility Report

**45**

Management Discussion &  
Analysis Report

**50**

Secretarial Audit Report

## Financial Statements

**66**

Standalone Independent Auditor's Report

**73**

Standalone Balance Sheet

**74**

Standalone Statement of Profit & Loss

**75**

Standalone Statement of Changes in Equity

**76**

Standalone Cash Flow Statement

**77**

Standalone Notes

**104**

Consolidated Independent Auditor's Report

**110**

Consolidated Balance Sheet

**111**

Consolidated Statement of Profit & Loss

**112**

Consolidated Statement of Changes in Equity

**113**

Consolidated Cash Flow Statement

**114**

Consolidated Notes

### 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

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



## About Us

**Though predominantly a cement company, NCL Industries has diversified into power and various building materials**

Our diversified product range includes ready mix concrete cement bonded particle boards – plain, laminated, embossed and sandwich panels under the brand name Bison Panel, Bison Lam, Bison Designer Boards, Readymade doors under the brand name Duradoor.

Besides construction and building products, NCL also owns two mini hydel projects - one on right main canal of Srisailem dam and other on the right high level canal of Tungabhadra dam.

## Our Business Divisions



Cement



Cement Ready Mix



Cement Bonded Particle Boards



Doors



Energy



More than **35**  
years old cement brand



India's only manufacturer  
of cement bonded  
particle boards



India's largest Door  
Manufacturing unit –  
commenced production  
in FY20



## Products and Plant Locations

### CEMENT

Ordinary Portland Cement  
Portland Pozzolona Cement  
Special Cement- 53-S

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

Capacity : 2.70 Million Tons  
Dealers: 1800  
Markets: Andhra Pradesh, Telangana, Tamil Nadu,  
Karnataka, Pondicherry.

### READY MIX CONCRETE

Unit 1, 4 & 5: Visakhapatnam, Andhra Pradesh  
Unit 2, 3, 6 & 7: Hyderabad, Telangana

Capacity: 60Cu.Mtrs / Hour each  
Markets: Hyderabad & Visakhapatnam

### CEMENT BONDED PARTICLE BOARD

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

Capacity: 90,000 tons  
Distributors: 350+

### DURADOOR UNIT

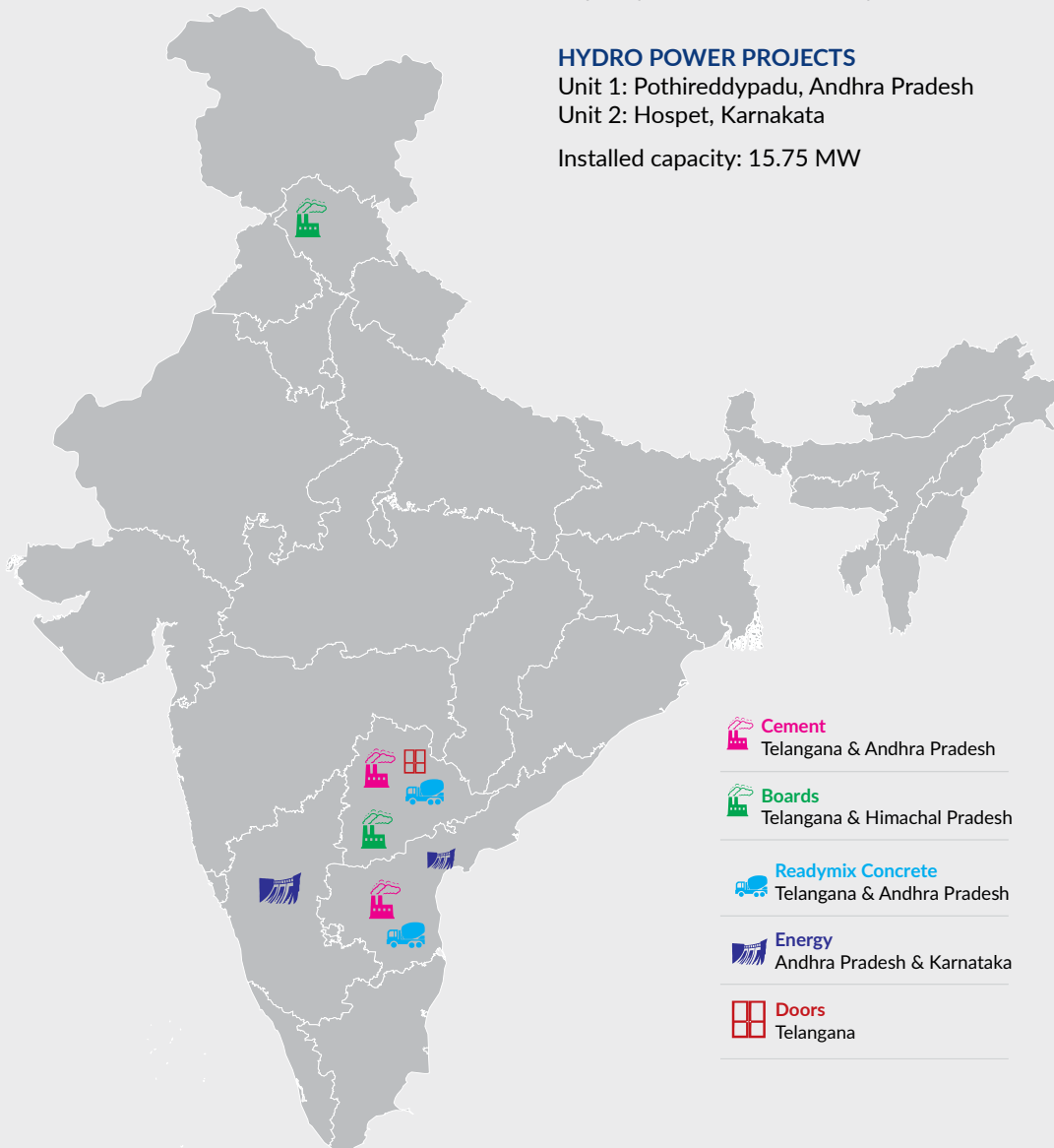
Malkapur (V) Near Hyderabad

Capacity: 1,000 Doors Per Day

### HYDRO POWER PROJECTS

Unit 1: Pothireddypadu, Andhra Pradesh  
Unit 2: Hospet, Karnakata

Installed capacity: 15.75 MW



## Message from

# The Managing Director



I am glad to report that there was a significant turnaround in the subsequent months in the Cement Division with improved market realisations.

### Dear Shareholders,

We will be missing the pleasure of personally meeting and interacting with you at the ensuing Annual General Meeting. We have to be satisfied with the virtual meeting by electronic means occasioned by the COVID 19 pandemic. I am sure that the dark clouds of the pandemic blow will blow over, and look forward to the AGM 2021 with renewed hope and vigour.

At NCL, we bestow utmost importance to the health and safety of our employees who constitute our most valuable assets. We are taking all possible steps to ensure their well being by strictly following the norms of social distancing, safety and sanitation, and periodic testing of the employees.

In the business front, the COVID 19 lock-down brought all activities to a virtual standstill, and the first month of the current financial year have been a near washout. I am glad to report that there was a significant turnaround in the subsequent months in the Cement Division with improved market realisations. Recovery has been slower in the Boards and Doors Divisions but there are signs of return to near normalcy.

Progress in the joint venture with the Chinese company for pre-engineered steel structures had to be kept on hold due to the prevailing scenario of bilateral relations between the two countries. Fortunately, there has been no significant investment on this venture, and the infrastructure created for the project can be put to alternative uses.

It is expected that the construction activity will gradually pick up as a part of the post COVID 19 revival efforts by the Government. Cement and building materials are likely witness a significant growth in demand, to cope with the increased expenditure for infrastructure. However, when the intensity of the pandemic will assume a declining path is matter of speculation. Let us hope that we will back in the growth path sooner rather than later.

Let me end this communication on this note of cautious optimism and wish you a safe and healthy year ahead.

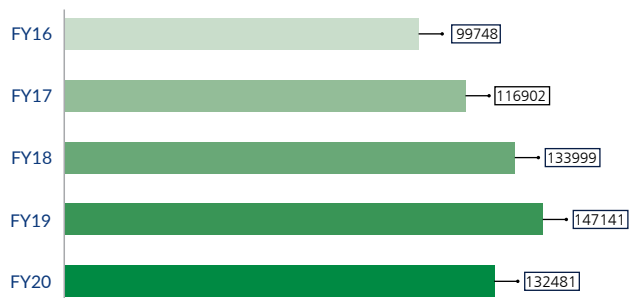
A handwritten signature in black ink, appearing to be 'K Ravi'.

K RAVI

## How We Performed

# Financial Highlights

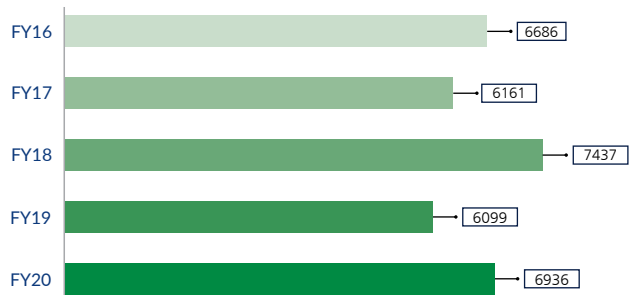
### Revenue (₹ in Lakhs)



### EBIDTA (₹ in Lakhs)



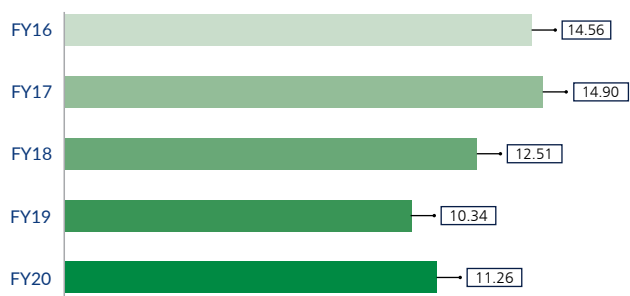
### PBT (₹ in Lakhs)



### PAT (₹ in Lakhs)



### EPS (₹ in Lakhs)

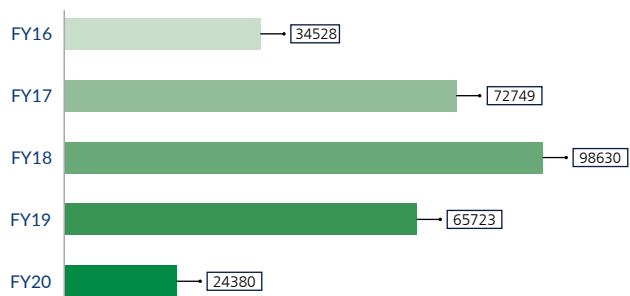


### Dividend (%)

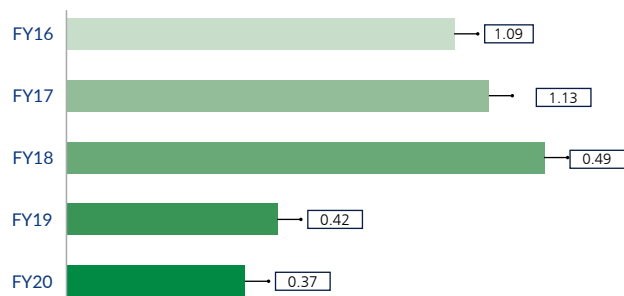


\* Proposed dividend

### Market Cap (₹ in Lakhs)



### Debt to Equity



## Review of Business

# Cement

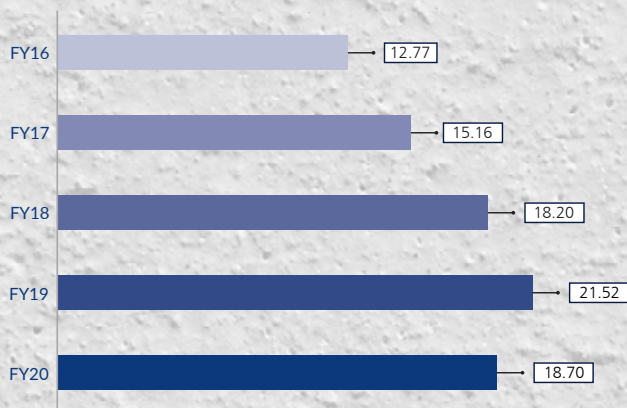
While enjoying the brand visibility and popularity of Nagarjuna Cement in Andhra Pradesh & Telangana your company has also has its presence in Kerala, Tamilnadu, Karnataka & Pondicherry.

### Key Highlights

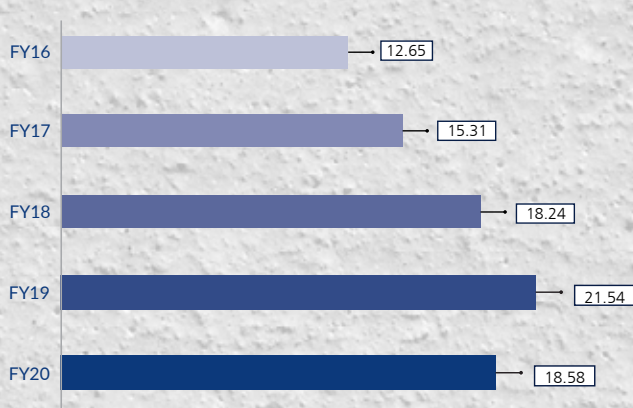
₹ **1,10,291** Lakhs  
Cement Division Revenue FY20

**2.70** million MT per annum  
Installed capacity

### Cement Production (Lakh Mts)



### Cement Sales (Lakh Mts)



### Cement and RMC Key Milestones:

**1984**

Commenced Commercial production of cement at 66,000 tonnes.

**1989**

Commencement of cement production after expansion to 1,98,000 TPA.

**2003**

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

**2007**

Commencement of commercial production from Kondapally cement grinding plant with 330,000 tonnes per annum capacity.

**2009**

Commencement of Commercial Production from Kondapalli Line 2 with a capacity of 6.60 Lakh Tons Per Annum



#### Key Advantages:

- Superior Quality Limestone Reserves
- Brand Equity based on consistent quality
- Large Dealer Networks
- One of the few cement companies to manufacture special Cement 53S



#### Ready Mix

'Nagarjuna RMC' has seven plants catering to the markets of Hyderabad & Visakhapatnam. These plants are equipped with adequate number of transit mixers.

#### Segment Turnover

₹ **8,384** Lakhs

## 2010

Started Production from Simhapuri Line 2 with a capacity of 9.90 Lakh Tons of Clinker and 6.60 Lakh Tons of Cement to become a major cement plant in AP.

## 2011

Company forayed into RMC Business by setting Two Plants in Hyderabad & Vizag

## 2017

2nd RMC plant in Hyderabad at Rampalli commenced commercial production

## 2018

Commencement of commercial production from line 3 cement & clinker plants at Simhapuri



## Review of Business

# Bison Panel

NCL has the distinction of being the only manufacturer in India of cement bonded particle board marketed under the brand name Bison Panel.

Made out of 62% cement & 28% wood, Bison Panel is a unique product with the strength & durability of cement & the easy workability of wood - a combination not present in other boards. Cement is strong durable, & is not affected by fire, weather, termites, etc. Laminate Boards and self embossing boards are other features included through in house R&D efforts.

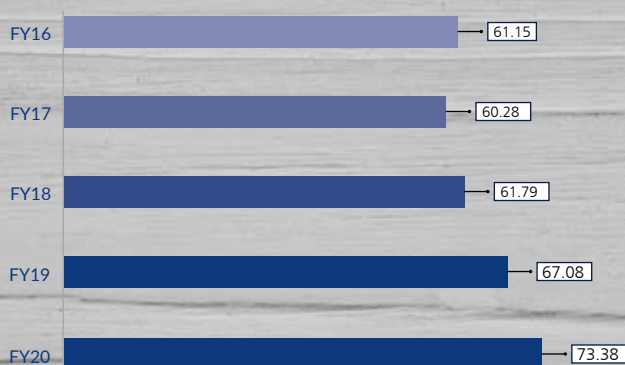


### Key Highlights

₹ **12,592** Lakhs

Boards Division Revenue in FY20

#### Boards Production (Thousand Mts)



#### Boards Sales (Thousand Mts)



### Bison Panel Milestones:

**1993**

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

**1997**

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

**2007**

Commercial production of cement bonded particle boards at Paonta Sahib Plant.

**2018**

Commencement of commercial production from 3rd Boards Plant at Simhapuri.