

39th Report of the Board of Directors

Your Directors have pleasure in presenting their Report for the financial year ended March 31, 2020.

Financial Results

The Audited Financial Statements (both Standalone and Consolidated) for the year ended March 31, 2020, and the report of the Auditors thereon are being circulated with this report. The salient features of the financial results are as follows:

	(₹ in lakhs)	
	2019-20	2018-19
Total Revenue	1,32,480.76	1,47,140.89
Profit Before Tax	6,935.59	6,098.68
Provision for Tax (including deferred tax)	1839.88	1,420.58
Profit for the Year After Tax	5,095.71	4,678.10
Transfer to General Reserve	3,500.00	3,500.00

Performance Review & State of Company's Affairs

After a promising start during the 1st quarter of the year 2019-20, the Cement Division had to face several challenges in the subsequent quarters. Non availability of sand, cancellation / suspension of some of the orders by some contractors executing major orders of some State Governments were factors which impacted the demand and dispatches of cement. On the positive side, there were better price realisation resulted in an improved profit compared to the previous year.

The Cement Division registered a Turnover of ₹ 1102.91 Crores which was marginally lower by 12% in comparison with the previous year.

The Boards Division recorded a lower Turnover by 6 % at ₹ 125.92 Crores during the year under review.

The generation of hydel power during the year was 36.80 million units, an increase of around 65 % compared to 22.36 million units in the previous year.

The Ready Mix Concrete division improved its performance during the year under review.

The Readymade Doors division commenced its commercial operations on 23rd December 2019 during the year under review. The full results of operations of the Division are expected to be reflected in the financial statements for the current Financial Year 2020-21.

The overall revenue from operations was ₹ 1324.81 crores during the year under reviews as against ₹ 1471.41 crores in the previous year. Profit before tax increased from ₹ 60.99 crores in FY 2018-19 to ₹ 69.36 crores recording a 14% Growth. Profit after rose by 9%, to ₹ 50.96 crore from ₹ 46.78 crores in FY 2018-19.

Chinese Joint Venture:

Your Company has entered into a Joint venture agreement with Chinese Company and incorporated a new JV Company in the name NCL Guangzheng Structures Ltd. Your company has invested small amount in this Company and no investment is received from the Joint venture partner due to COVID-19 pandemic, hence this company became a subsidiary of NCL by virtue of shareholding. The subsidiary Company has not commenced its operations.

COVID-19 and its impact

Members are aware that a nation-wide lockdown was declared by the Government of India due to the Covid 19 Pandemic. Pursuant to the lockdown, the operations of the company were temporarily suspended from 23rd March 2020. The operations resumed partially after ensuring strict safety measures and social distancing norms and complying with the guidelines issued by the Government.

The lockdown, disruption of transportation and virtual suspension of construction activity due to the exodus of migrant labour had a major impact on the sales and dispatches of the entire product range in the initial two months of the current financial year.

The demand and the market prices of the products has picked up after the initial setback, and the financial performance registered an improvement in the subsequent month.

Since the COVID 19 pandemic is still continuing to play havoc, its full impact on the overall economy and the company's performance in particular is yet to be assessed.

Material changes and commitments if any affecting financial position of the company

Change in Capital Structure

During the year under review, the Company availed Term loan of ₹ 67.25 Crores from Axis Bank to set up ongoing Waste Heat Recovery Power Project. The outstanding balance of the term loan from Yes bank amounting to ₹ 114.75 crores was taken over by Axis Bank and HDFC Bank. The existing working capital facilities from Yes Bank were taken over by SBI at a lower rate of interest.

Readymade Doors:

The plant for manufacture of Readymade Doors installed at Malkapur near Hyderabad commenced its commercial operations 23rd December, 2019. The response from builders and market to the new product introduced by your Company is encouraging.

Ready Mix Concrete Units (RMC)

During the current year, your company has commenced establishment of two more RMC units at Visakhapatnam and Hyderabad and erection of machinery is in advanced stage of completion.

Dividend

Members are aware that the directors declared and paid an interim dividend @15% per Equity Share (i.e.Rs.1.50Ps /-per Equity Share of ₹ 10/-each) in March, 2020.Your Directors

are pleased to recommend a further dividend of ₹ 1.00 per share at the ensuing Annual General Meeting, thus bringing the total dividend for the year 2019-20 to ₹ 2.50 per share

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134 (3) (c) of the Companies Act, 2013, and on the basis of the information furnished to them by the concerned accounting professionals, your Directors confirm that:

- I. All applicable accounting standards have been followed in the preparation of annual accounts and that there are no material departures.
- II. 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 31st March, 2020 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 2013, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- IV. The Directors prepared the Annual Accounts on a going concern basis.
- V. Proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- VI. Appropriate systems were devised to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

DIRECTORS AND KEY MANAGERIAL PERSONS (KMP)

Independent Directors

During the year under review, your Company had four independent directors as stipulated by Section 149(6) of the Companies Act, 2013. Persons from diverse fields of expertise and experience have been invited to join the Board as Independent Directors to ensure that the company gets the optimum benefit of wisdom and expertise.

Mr.V.S.Raju, (Corporate Laws), Mr.Kamlesh Gandhi (Investment Banking) , Dr.R.Kalidas (Technology) and Lt.General (Retd) T.A.DCunha (Materials Management & Logistics) constitute the current team of Independent Directors. Your Company, being in among the top 1000 companies in terms of market capitalization is now required to include a woman Independent Director.

Accordingly, Mrs. Rashida Hatim Adenwala, an expert in finance and foreign exchange and joint ventures) has been inducted as a Woman Independent Director with effect from 30th June 2020).

Your company follows a policy of total transparency and proactive information flow to the Independent Directors, in order to avail the optimum benefit of their experience and expertise.

The Independent Directors also actively participate in the Board and Committee proceedings, and offer constructive suggestions, which are implemented by the company after deliberations in the full Board. Apart from this, the Independent Directors hold separate meetings and evaluate the performance of the Board and individual directors - Executive and Non Executive. The feedback on the evaluation of varied attributes is furnished to the company on a confidential basis.

Dr.R.Kalidas (Technology) and Lt. General (Retd) T.A.DCunha complete their current tenures as Independent Directors on 10th August, 2020.As recommended by the Nomination and Remuneration Committee, proposals are being placed before the ensuing Annual General Meeting for their appointment as Independent Directors for a second term. Since they will be completing the age of 75 years during their second tenure, consent of the Shareholders is also being sought at the ensuing Annual General Meeting for their continuance as Directors for the duration of their second term.

Executive Directors

There were four executive directors namely Mr. K Ravi, Managing Director, Mr.K.Gautam & Mrs,Roopa Bhupatiraju Executive Directors and Mr.N.G.V.S.G.Prasad, Executive Director & CFO.

As members are aware that Mr. Bh. Subbaraju, was appointed as Executive Director from 4th July, 2019 for a period of five years. However, upon his induction as Joint Managing Director of another Group Company, he resigned as Executive Director with effect from 1st October, 2019 to assume this new responsibility and later resigned from the Board w.e.f 1st February, 2020.

Mrs. Roopa Bhupathiraju has been appointed as Executive Director with effect from 1st October, 2019 to fill the casual vacancy caused by the resignation of Mr.Bh.Subba Raju but will be retire by rotation.

The terms and conditions of appointment of independent directors are as per Schedule IV of the Act. They have submitted declarations that each of them meets the criteria of independence as provided and in Section 149(6) of the Act and there has been no change in their status as independent director during the year.

Apart from what has been detailed in the foregoing paragraphs, there was no change in the key managerial personnel of the Company during the year under Mr.T.Arun Kumar is the Company Secretary & Compliance officer and Nodal Officer under IEPF Rules.

The Company has received declarations from all the Independent Directors of the Company under Section 149(7) of the Companies Act, 2013 confirming that they continue to meet the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 25 of the SEBI (LODR) Regulations, 2015.

Non Executive Directors.

Mr. Vindodrai Goradia, Mr. P N Raju, Mr. Ashven Datla, and Mrs. Pooja Kalidindi are the non executive directors in the Board constitution as on the date of this Report.

Mr. K Madhu resigned as a non Independent Non Executive Director with effect from 27th September, 2019. Mrs. Pooja Kalidindi, was inducted as additional director on the Board w.e.f 1st February, 2020.

Retirement by Rotation

Mr. Ashven Datla and Mrs. Roopa Bhupatiraju retires by rotation at the ensuing Annual General Meeting, and are eligible for reappointment.

Particulars of Directors whose appointment / reappointment sought are given in **Annexure A-1** to this Report as part of the Report on Corporate Governance under SEBI (LODR) Regulations, 2015.

BOARD MEETINGS

During the year under review, seven Board meetings were held on 30th May, 2019, 9th August, 2019, 27th September, 2019, 14th November, 2019, 7th January, 2020, 31st January, 2020 and 11th March, 2020. The maximum time gap between any two consecutive meetings was within the period prescribed under the Companies Act, 2013.

Committees of the Board

The Board has constituted various committees as required under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. The details of such Committees are given in Annexure – 'A' as a part of the report on Corporate Governance.

Plans for Orderly Succession for appointments to Board etc,

Your Board of Directors is fully satisfied that plans are in place for orderly succession for appointments to the Board and to senior management positions.

CORPORATE GOVERNANCE

A separate report of compliance with the provisions relating to Corporate Governance as required SEBI (LODR) Regulations, 2015 is enclosed as **Annexure 'A'** and forms part of this Report.

BUSINESS RESPONSIBILITY REPORT

A per the notification dated 26th December, 2019 issued by SEBI under Regulation 34(1) of SEBI (LODR) Regulation, 2019 (amendment), SEBI had mandated inclusion of Business Responsibility Report (BRR) as part of the Annual Report for top 1000 listed entities based on market capitalization as on March, 31st of every financial year. Business Responsibility Report is enclosed as **Annexure 'B'** which forms part of this Directors' Report.

Risk Management

The company has a system of constantly identifying and monitoring the risks that the company may be exposed to. A Risk Management Committee headed by Independent Director as Chairman, one Independent Director and two other Non Executive Directors are in place. As and when required, the Committee reviews various risks and steps taken to manage the risks. The Board is of the opinion that there are no elements of risks that may threaten the existence of the Company. Kindly refer Point No.38 of notes to financial statements on financial risks.

Particulars of Loans, Guarantees, or Investments under section 186 of the Companies Act, 2013

The company has not granted any loans, given any guarantees during the year which would be covered under section 186 of the Companies Act, 2013. During the year under review, your Company has entered into a joint venture agreement with Chinese Company and has registered for that purpose a new Company NCL Guangzheng Structures Limited and made ₹ 1.00 Lakh towards initial investment in its share capital.

Related Party Transactions

All Related Party Transactions entered during the financial year 2019-20 were in ordinary course of business and at arm's length basis. Your Company did not enter into Material Related Party Transactions during the year under review. Transactions entered into with the related parties are pursuant to the omnibus approval granted are reviewed and approved by the Audit Committee and the Board of Directors on quarterly basis. Pursuant to Section 134 (3) (h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014, the details of the Related Party Transactions are contained in **Annexure A-2** to this Report.

Management Discussion and Analysis Report

The Management Discussion & Analysis Report is annexed as **Annexure 'C'** to this Report.

Consolidated Financial Statement

The Consolidated Financial Statement has been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 and other relevant provisions of the Companies Act, 2013.

Litigations

During the year under review, no significant or material orders were passed by any regulatory/statutory authorities or courts / tribunals against the company impairing its going concern status and operations in future.

Penalties

1. A penalty was imposed on Mr. Ashven Datla and Mrs. K Pooja, Director and some Members of the Promoter Group under Section 151 of the SEBI Act read vide adjudication order dated 30th March, 2020 for non disclosure of change in shareholding exceeding 25,000 shares / ₹ 5 lakh in value during the period 2013-14. Upon the payment of the Penalty the case was closed.

The non-compliance with the regulations cited above were technical in nature, and did not result in any undue benefit or advantage to the Promoters. The above facts are brought out in the Adjudication Order itself.

For more details, shareholders may refer to the full text of the order which can be accessed at <https://www.sebi.gov.in>.

2. A penalty was imposed by NSE under Regulation 44(3) of SEBI (LODR) Regulations, 2015 regarding delay in filing voting results within 48 hours of conclusion of postal ballot. The Company has contested the same stating that the timeline prescribed in Regulation 44(3) is not applicable to postal ballot.

Corporate Social Responsibility (CSR) Activities

The company has a CSR Committee as prescribed by the Statute with Dr.R.Kalidas, Independent Director as Chairman. The Committee also includes one Executive and one Independent Director. The CSR Committee meeting was held on 14th February, 2020 and reviewed the CSR Policy and CSR activities.

Under the provisions of Section 135 of the Companies Act, 2013 an amount of ₹ 139.13 Lakhs was required to be spent on CSR activities for the financial year 2019-20. Your Directors are glad to report that the CSR expenditure incurred during the year towards education and health care exceeded the mandatory requirement. The total CSR expenditure was ₹ 215.50 Lakhs. The details of the CSR activities during the year under review are listed in **Annexure D** to this Report.

Subsidiaries

The Company has presently one wholly owned subsidiary NCL Gangzheng Structures Limited, formed pursuant to a joint Venture Agreement with Qingdao Xinguangzheng

Steel Structure Co Ltd .As per the Joint Venture Agreement, the company is to hold 70% of the paid up capital of the subsidiary, with the Chinese Partner due to have 30%. The investment of the Company so far has been ₹ 99,940 consisting of 9,994 Equity Shares of ₹ 10/- each,

Your Company has no Associates or Joint Ventures as on the date of the Report except as above.

Investor Education & Protection Fund

The Company has transferred ₹ 25.61 Lakhs relating to unclaimed Dividend for the Financial Year 2011-12 to the Investor Education & Protection Fund. As required by Section 124 of the Companies Act, 2013 and the Rules made there under, a total of 79,046 equity shares of ₹ 10/- each were transferred to the Investor Education and Protection Authority.

Fixed Deposits

The details relating to Fixed Deposits are as follows:

As on 31st March 2020, ₹ 5820.83 Lakhs of Public Deposits were outstanding. The Company has repaid all the matured deposits that have been claimed, and there have been no defaults in payment of interest or repayment of principal. The details of deposits received from the directors / relatives of directors during the year under review in terms of MCA Notification No.GSR 695 (E) dated 15th September, 2015 are as under:

S.No	Name of the Director / Relative of Director	Amount (Rs.in Lakhs)	Inter-se Relationship
1	Mr.Kamlesh Suresh Gandhi	23.00	Chairman
2	Mr.Vinodrai.V.Goradia	20.00	Director
3	Mrs.Roopa Bhupatiraju	4.50	Executive Director
4	Mrs.K.Sailaja	64.00	Wife of Mr.K.Ravi-MD
5	Mrs.Charulatha V.Goradia	10.00	Wife of Mr.V.V.Goradia
6	Master B.Arjun	15.40	Son of Mrs. Roopa Bhupatiraju- ED
7	Baby Anika Bhupatiraju	5.00	Daughter of Mrs. Roopa Bhupatiraju- ED
8	Mr.R.Kiran	30.00	Son of Mr.R.Kalidas-Director
9	Mr.R.Arun	18.00	Son of Mr.R.Kalidas-Director
10	Mrs. N.Sita Mahalakshmi	7.50	Mother of Mr.N.G.V.S.G.Prasad-ED & CFO
11	Ms.N.Suchitra Katyayani	23.50	Daughter of Mr.N.G.V.S.G.Prasad- ED & CFO
12	Ms.N.Chaitra Sarada	26.50	Daughter of Mr.N.G.V.S.G.Prasad-ED & CFO

Particulars of Employees

The details of employees who have been in receipt of remuneration envisaged by Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial personnel) vide MCA Notification dated 30th June, 2016 are annexed as **Annexure E** to this Report.

Auditors

At the last AGM held on 27th September, 2019 M/s Venugopal & Chenoy have been re-appointed as Statutory Auditors for a period of five years. They have accepted

the appointment for a period of three years. They have confirmed that they are not disqualified from continuing as auditors of the company.

The Notes on the financial statements referred to in the Independent Auditor's Report are self explanatory. The Auditor's report does not contain any qualification, reservation or adverse remark.

Cost Audit

M/s S.R. and ASSOCIATES, Cost Accountants have been reappointed to conduct the cost audit pertaining to Cement as well as RMC of the company for the year 2019-20. They

have been reappointed by the Board of Directors as Cost Auditors of the Company for the Financial Year 2020-21. The remuneration of the cost auditor is required to be ratified by the members in terms of the relevant Rules. Accordingly, the matter is being placed before the Members for ratification at the ensuing Annual General Meeting.

The Cost Auditors Report for the financial year ended March, 31st, 2019 was duly filed with Ministry of Corporate Affairs on 07/09/2019.

Secretarial Audit

M/s. A J Sharma & Associates, Company Secretaries, have been appointed to conduct the Secretarial Audit of the Company. The Secretarial Audit Report pursuant to the provisions of Section 204 of the Companies Act, 2013 is attached as **Annexure F** to this Report. The observations of the Report do not call for any explanation as envisaged by Section 204(3) of the said Act.

Awards/ Certifications

Great Place to Work, 2020

Your Company is proud of being certified as a “Great Place to Work” during the year from November, 2019 to October, 2020 by “Great Place to Work” Organization. This reflects the confidence reposed by employees about the work atmosphere and the recognition accorded to them as partners in progress.

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Company has constituted an Internal Complaints Committee on Prevention of Sexual Harassment at workplace for women in the line with the requirements of the ‘The Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013 and the Rules made there under and had complied with provisions made under the said Act.

During the year under review, there were no references or complaints pursuant to the aforesaid Act.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Particulars required under Section 134 (3) (M) of the Companies act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 are furnished under **Annexure ‘G’** which forms part of this Report. Your Company continues to be conscious of the need for conservation of energy, and wherever feasible, effective steps for energy conservation are taken.

There were no significant investments or developments in this regard during the year under review. The technology procured for the various operating Divisions has been fully absorbed. There was no significant expenditure in Research & Development warranting a special mention in this Report.

Extract of Annual Return

Pursuant to the provisions of Section 92 of the Companies Act, 2013 and Rules framed there under, the extract of the Annual Return in form MGT-9 is annexed herewith as **Annexure ‘H’** and forms part of this Report.

Acknowledgements

Your Directors wish to place on record their appreciation of the support and co-operation extended by Axis Bank, Yes Bank, HDFC Bank, SBI, Bank of Baroda and Central and State Government Departments, Dealers, Stockists, Consumers and Depositors.

Your Directors also wish to place on record their appreciation of the 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

Kamlesh Gandhi

Place: Hyderabad
Date: 14th August, 2020

Chairman
DIN: 00004969