



19th

ANNUAL REPORT

2011 - 2012

Plot No.32, Flat No.302, Vijaya Enclave,
Srinagar Colony, HYDERABAD – 500 073.

BOARD OF DIRECTORS

Sri. G. SURENDER REDDY
 Sri. K C VENKATESWARLU
 Sri S. SRIDHAR
 Sri SHAILESH SHIVRAM MISTRY
 Sri G. RAMESH BABU
 Sri L. MADHU KUMAR REDDY

Managing Director
 Director
 Director (upto 19th June 2012)
 Director
 Director
 Director

Registered Office:

Plot No. 32, Flat No. 302,
 Vijaya Enclave, Srinagar Colony,
HYDERABAD – 500 073.
 Tele : 040 - 23542871
 Email : Inpolyester@yahoo.com

Works:

- | | |
|--|---|
| 1) Plot No.186,
Second Phase,
G I D C,
VAPI – 396 195.
GUJARAT. | 2) Survey No.16/1,
Rakholi,
Silvassa – 396230,
Dadra and Nagar Havele,
UT. |
|--|---|

Auditors:

M/s. KUMAR & GIRI,
 Chartered Accountants,
 1-11-126/D, Opp. Aeroview Towers,
 Begumpet,
HYDERABAD – 500 016.

Bankers:

- 1) State Bank of Hyderabad,
 Overseas Branch,
 Somajiguda,
HYDERABAD – 500 082.

DIRECTORS REPORT

Dear Share Holders,

Your Directors have pleasure in presenting the 19th Annual Report and the Audited Statement of Accounts of the Company for the Year Ended 31st March '2012.

FINANCIAL RESULTS:

(Rs. In Lakhs)

Sl. No.	Particulars	For the year ended 31st March ' 2012	For the period Ended 31st March ' 2011
1.	Net Income from Operations	7,698.74	7,460.10
2.	Gross Profit (before Finance Charges, Depreciation, Taxation & Extraordinary Items)	684.91	662.07
3.	Less : Finance Charges	364.75	212.46
4.	Less : Depreciation	242.49	115.05
5.	Less : Provision for Taxation	15.53	101.20
6.	Profit / (Loss)	62.14	233.36

OPERATIONS:

During the year the Company, in spite of the flat market conditions could manage to hold on to the markets in which it regularly operates with its quality product lines. Due to the cyclical fluctuations in the foreign exchange rates more particularly in the US dollar, the focus on the overseas markets has been lowered during the year. The Company is working closely with the new distributors for the enhancement of the product off take and it expects to improve the performance of the Company over the coming periods. Further the Company is also exploring the possibilities for venturing into new business avenues. The land development activity on the land belonging to the Company has not commenced yet during the year.

MARKETING:

The domestic markets where the Company's products are sold have not registered significant growth during the year. However the Company with its long established track record in the domestic market could able to sustain the operating levels as in the previous periods. All though the overseas markets are encouraging, the adverse currency movements have become a deterrent for exploiting its full potential. The Company has identified new and potential market areas for increasing the spread of its products the results of which are encouraging.

FIXED DEPOSITS:

The Company has not accepted any Fixed Deposit within the meaning of Section 58A of the Companies Act, 1956, and Rules made there under.

BOARD OF DIRECTORS:

During the year Sri.Shailesh Shivram Mistry, Director of the Company is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment.

Sri.L.Madhu Kumar Reddy was appointed as Additional Directors of the Company with effect from 15th November ' 2011 and hold office till the date of ensuing Annual General Meeting.

The Company has received notice from a member proposing Sri.L.Madhu Kumar Reddy for appointment as a Director of the Company.

During the year under review Sri. S. Sridhar resigned as Director of the Company due to his pre occupations. The Board places on record its appreciation for the services rendered by him during his tenure as the Director of the Company.

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, the Board of Directors confirms:

- (i) that in the preparation of the Annual Account for the Financial Year Ended 31st March ' 2012, the applicable accounting standards had been followed along with proper explanation relating to material departure's;
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgment and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (iii) that the Directors had 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 had prepared the accounts for the Financial Year ended 31st March ' 2012, on a "going concern basis".

AUDITORS:

M/s. Kumar & Giri, Statutory Auditors of the Company hold office till the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The Company has received a letter from M/s. Kumar & Giri to the effect that their appointment as Auditors if made would be within the limits under Section 224 (1-B) of the Companies Act, 1956.

PERSONNEL:

There are no employees in the Company whose particulars are required to be given pursuant to section 217 (2A) of the Companies Act, 1956.

REPLIES TO QUALIFICATIONS MADE BY THE AUDITORS:

- a) The Company is in the process of mobilizing funds for repaying the Loan Outstanding to M/s.JM Financial Asset Reconstruction Company Private Limited.
- b) The Company has initiated steps to strenghten the Various internal control systems in the organisation including enhancing the scope of the internal audit function.
- c) The Company is taking effective steps to clear off the payables at the earliest.

CONSERVATION OF ENGERGY, TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT AND FOREIGN EXCHANGE:

Information in accordance with the provisions of Section 217 (e) of the Companies (Disclosure of Particulars in the Report of Board Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the annexure forming part of this report.

COMPLIANCE CERTIFICATE:

The Company has complied with the provision of Corporate Governance as required under the provisions of Clause 49 of the Listing Agreement.

A Certificate from the auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing agreement is attached to this report.

ACKNOWLEDGEMENT:

Your Directors place on record their appreciation for the continuous support, assistance extended by all the Government Authorities, Financial Institutions Viz., JM Financial Asset Reconstruction Company Private Limited, Company Banker's State Bank of Hyderabad, Consultants, Shareholders and the dedicated and sincere services rendered by the employees of the Company.

on behalf of the Board of Directors
for **LN INDUSTRIES INDIA LIMITED**

Place: Hyderabad.
Date: 10.08.2012.

G. SURENDER REDDY
Managing Director

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

A) CONSERVATION OF ENERGY:

a) Energy Conservation measures taken:

- Installation of Load Capacitors at junctions in curtailing High Power Load.
 - Installation of reduced horsepower motors in line with the load Requirement.
 - Installation of efficient Air Handling Units.
 - Close supervision on the usage of Coal, Electricity.
- b) Additional investment and proposals, if any, being implemented for reduction of Consumption of energy:
- Realignment of the pipelining for the boiler resulting in the saving of the consumption of energy.
- c) Impact of measures at (a) and (B) above for reduction of Energy consumption and consequent impact on the cost of Production of goods.
- Their has been an improvement in the quality of steam produced and used in the Boiler resulting in the saving of the consumption of energy .
- d) Total energy consumption and energy consumption per unit of production as per Form – A.

d) Total energy consumption and energy consumption per unit of production as per Form – A.

		2011 - 2012 (12 Months)	2010 - 2011 (6 Months)
1. Electricity:			
a) Purchased:			
Units		23,80,440	23,15,536
Total Amount	Rs.	1,28,13,119/-	96,24,638/-
Rate Per Unit	Rs.	5.38	4.16
b) Own Generation:			
i) Through Diesel Generator			
Units		0.00	0.00
Units Per Ltr.of Diesel		0.00	0.00
Rate Per Unit	Rs.	0.00	0.00
ii) Through Steam turbine / Generator:			
Units			
Units Per Ltr. Of Fuel Oil / Gas		Nil	Nil
Rate Per Unit			
2. Coal for Boiler:			
Quantity (Tons)		862.135	740.215
Total Cost	Rs.	43,81,425/-	34,62,101/-
Average Rate Per Ton	Rs.	5,082/-	4,677/-
3. Furnace Oil:			
Quantity (K.Ltrs.)			
Total Cost		Nil	Nil
Average Rate			
4. Others / internal generation (please give details):			
Quantity ()			
Total Cost		Nil	Nil
Rate Per Unit			
A) Consumption per unit of production:			
Particulars		2011 - 2012 (12 Months)	2010 - 2011 (6 Months)
<u>Products (with details) Units:</u>			
Dyed Yarn Production (MT)		1,012.62	928.04
Electricity (Purchased) / MT	Rs.	12,653/-	10,371/-
Coal / MT	Rs.	4,327/-	3,731/-

II. TECHNOLOGY ABSORPTION:

Efforts made in technology absorption as per Form – B

a) Research & Development (R & D)

Specific Areas:

The Company's initiatives resulted in the development of the new products targeting specific market segments and also resulted in the increased satisfaction to the Customers in form of superior quality.

Benefits Derived:

The Products have been well accepted by the Consumers. The new products are successfully positioned in the market.

Plan of Action:

Higher Focus on Research and Development to improve productivity and higher range of product mix.
b) Technology Absorption, Adoption and Innovation:

The Company has continuous interaction with the Manufactures / Suppliers of Machinery and is seeking and upgrading its equipment as and when required and also development of new product range is initiated in close coordination with manufacturers of Dyes and Chemicals.

III. Foreign Earnings and Outgo:

		2011 - 2012 (12 Months)	2010 - 2011 (6 Months)
Earnings	::	Rs. 88.53 Lacs	Rs. 0.00 Lacs
Outgo	::	Rs. 16.59 Lacs	Rs.76.88 Lacs

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Board of Directors
LN Industries India Limited,

We have reviewed the implementation of Corporate Governance procedures by LN Industries India Limited during the period ended 31st March ' 2012, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our review and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreements with the stock exchanges have been complied with in all material respect by the Company and no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders / Investors Grievance Committee.

for KUMAR & GIRI
Chartered Accountants
FRN 01584S

J. Bhadra Kumar
Partner
M. No.025480.
Date: 30th May ' 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS:

The Company is engaged in the manufacture of Texturized Twisted Polyester Dyed Yarn and Nylon Dyed Yarn. It has also significant presence in the trading of various textile products.

One of the major finished products of the Company Polyester Dyed Yarn is used in the manufacturing of Dress Materials, Sarees, Shirting, Suiting and Furnishing Fabrics. Another product Nylon Dyed Yarn is used in the manufacture of Socks, Sports Gear etc.,

The industry offers significant leverage to the Company for scaling up its operations both in terms of the higher volumes of the existing products as well as the scope for setting up new and enhanced facilities which can facilitate back ward integration for the present product line of the Company. Because of the products application and utility across the wide spectrum of the users segment, offers significant opportunities for growth.

REVIEW OF OPERATIONS:

Company has during the period processed materials to the tune of 1,013 MT's including undertaking job works for the Reliance Industries Limited. The capacities of production of the Company are being improved considering the surge in the demand for the products.

The Company has during the period successfully commenced the trading in textile products.

FINANCIAL REVIEW:

The Company during the year has achieved a turnover of Rs.7,699 Lakhs.

The Company achieved a Gross Profit (Earnings before Interest, Deprecation & Taxes) of Rs.685 Lakhs.

The Company has during the year added new and value added machinery in the production line to enhance the product portfolios by incurring a capital expenditure of Rs.24 Lakhs.

The paid up Equity Share Capital as at 31st March '2012 stood at Rs.8,925.80 Lakhs.

Earning per share for the period was at Rs.0.07.

The Company's contribution to the national exchequer in the form of various taxes and duties amounts to Rs.28 Lakhs.

OPPORTUNITIES:

The nature of the products Company presently operates in provides for good opportunities to venture into backward integration for to the manufacture of the raw materials for the products dealt at present by the Company. Also the market for the valued added products in the product portfolio which at present is at a low level offers tremendous opportunities for growth.

CHALLENGES:

The high volatile global economic scenario coupled with the possible slow down in the domestic market may impact the earning and growth capabilities of the Company in the near short term. Further the normal market competition in the markets in which the Company operates may effect the operative capability of the Company. However, Company is gearing up for the same by introducing new and innovative products and expanding the market bases , diversifying into new lines of activity and business and adopting appropriate combination of strategies it is keeping itself ahead in the competition.

OUTLOOK:

Presently the Company's majority of the revenues are derived from the sale of Texturized Twisted Polyester Dyed Yarn in the domestic market. The success of the Nylon Dyed Yarn being presently exported by the Company gives it a wide market. The enhanced manufacturing facilities, producing a wide range of quality products would enable the Company to perform better. The Company's proposal of development of the land at Patancheru, Hyderabad after shifting of the facilities to Silvassa and Vapi gives the Company the leverage to enlarge it business operations over the next 3 – 5 years.

RISKS AND CONCERNS:

The domestic and regional macro economic environment directly influences the spending habits of the population. Any perceived economic slow down could have an impact on the demand and supply dynamics.

One of the areas of concern in the present line of business for the Company is the fluctuations in the prices of the basic raw material used in the production i.e Partially Oriented Yarn (POY) whose cost is directly proportional to the fluctuations in the international prices of petroleum products which has been witnessing frequent fluctuations in the prices.

The Company is in the process of diversifying into other related business segments and also the real estate development of the land belonging to it. The progress of these depends on the various market conditions which are not directly under control of the Company.

ADEQUACY OF INTERNAL CONTROLS:

LNIL has a proper and adequate system of internal controls to ensure that all the assets are safe guarded and protected against loss or misuse or disposition and the transaction are authorized, recorded and reported correctly.

Majority of the critical production operations are automated providing systems based check and control at every critical point.

The internal control systems are supplemented by an independent internal audit function. The Audit Committee of the Board reviews the findings and recommendations of the Internal Auditors.

The internal control system is designed to ensure that the financial and other records are reliable for preparing financial statements, other data on timely basis and also in maintaining accountability of assets.

QUALITY:

“Consistency in the Quality of the product & high level of after sales follow up” are the hall marks of the Company Products.

HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS:

LNIL employs 48 people, on full time employment basis.

LNIL recognizes the contribution of its people in creating a Company, which is ranked as one of the best amongst the Dyed Yarn producing facilities in India.

LNIL provides continuous learning and personal development programs by conducting training and evaluation.

The relations with the workmen have been cordial during the period.

CORPORATE GOVERNANCE DISCLOSURE:

1. COMPANY PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

The basic philosophy of Corporate Governance in the Company is to attain excellence in the operation keeping in view the interest of the shareholders, employees, government and lenders.

Company is committed to achieving the high standards of Corporate Governance.

Company believes that all its operations and acts should serve the underlying goal of enhancing overall stakeholders' value, sustained over a period of time.

2. BOARD OF DIRECTORS:

The Board of Directors of the Company consists of 7 Directors, Viz., Managing Director, and 6 Non – Executive Directors.

During the period April ' 2011 to March ' 2012 the Board has met 6 (Six) times, on the following date namely:

1. 14th May ' 2011.
2. 12th August ' 2011.
3. 27th August ' 2011.
4. 15th November ' 2011.
5. 06th January ' 2012.
6. 14th February ' 2012.

The maximum time gap between any two meetings was not more than four calendar months.

The following table gives details of Directors, attendance of Directors at the Board Meetings and at the last Annual General Meeting number of memberships held by Directors in the other Committees.

The following table gives details of Directors, attendance of Directors at the Board Meetings and at the last Annual General Meeting number of memberships held by Directors in the other Committees.

Name	Category	Attendance Particulars		Number of Committee Member/Chairmanship	
		Board Meetings	Last AGM	Committee Memberships	Committee Chairmanships
Sri G. Surender Reddy (Promoter and Managing Director)	MD	6	Yes	1	1
Sri.K C Venkateswarlu (Independent and Non Executive Director)	NED	0	No	0	0
Sri A Dhanunjaya Kumar (Independent and Non Executive Director) (upto 25-08-11)	NED	3	No	1	0
Sri S. Sridhar (Non Executive Director) (upto 19-06-12)	NED	0	No	1	0
Sri G. Ramesh Babu (Independent and Non Executive Director)	NED	6	Yes	2	0
Sri L. Madhu Kumar Reddy (Independent and Non Executive Director) (from 15-11-11)	NED	3	No	1	0
Sri Shailesh Shivram Mistry (Independent & Non Executive Member)	NED	0	No	1	0

Sl. No.	Name of the Director	Other Directorships
1.	Sri G. Surender Reddy	2
2.	Sri K.C. Venkateswarlu	7
3.	Sri A. Dhanunjaya Kumar	1
4.	Sri S. Sridhar	- No -
5.	Sri G. Ramesh Babu	- No -
6.	Sri L. Madhu Kumar Reddy	- No -
7.	Sri. Shailesh Shivram Mistry	- No -

3. AUDIT COMMITTEE:

The Audit Committee constituted by the Board of Directors consists of Three Directors as its Members namely:

- | | |
|---------------------------------|---------------------------|
| 1. Sri. G.Surender Reddy | |
| 2. Sri. A.Dhanunjaya Kumar | Upto 25th August ' 2011 |
| 3. Sri. G.Ramesh Babu | |
| 4. Sri. L.Madhu Kumar Reddy | From 15th November ' 2011 |
| 5. Sri. Shailesh Shivram Mistry | |

Sri. G. Ramesh Babu is the Chairman of the Audit Committee.

The Audit Committee reviews the adequacy of Internal Control Systems and the Internal Audit Reports, and their compliance thereof as well as the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient, and credible. The Committee recommends the appointment of External Auditors and fixation of their audit fee and approves the payment for any other services rendered by them. The Committee also monitors and reports on the status of implementation of agreed

internal and statutory audit recommendations. The Statutory and Internal Auditors attend as invitees to the meetings of the Audit Committee.

Four meetings were held during the period April ' 2011 to March ' 2012. The dates on which the meetings were held are:

1. 14th May ' 2011.
2. 12th August ' 2011.
3. 15th November ' 2011.
4. 14th February ' 2012.

The attendance of each member of the Committee is given below:

Sl. No.	Name of the Director	No. of Meetings Attended
1.	Sri G. Surender Reddy	4
2.	Sri A. Dhanunjaya Kumar (Upto 25-8-11)	2
3.	Sri G. Ramesh Babu	4
4.	Sri L. Madhu Kumar Reddy (from 15-11-11)	2
5.	Sri Shailesh Shivram Mistry	0

4. REMUNERATION COMMITTEE:

The Remuneration Committee of the Company comprises of Three Directors. The Chairman of the committee is Sri. K C Venkateswarlu, Non Executive Director.

The members of the Committee are:

1. Sri. K.C.Venkateswarlu.
2. Sri. G.Ramesh Babu.
3. Sri. Shailesh Shivram Mistry.

None of the Non-Executive Directors are being paid any remuneration except sitting fee for attending the Board Meetings. The remuneration committee did not meet during the year.

5. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE:

The Committee comprises of:

1. Sri. Shailesh Shivram Mistry.
2. Sri. G.Surender Reddy
3. Sri. K.C.Venkateswarlu

Sri. Shailesh Shivram Mistry, is the Chairman of the Shareholders / Investors Grievance Committee.

The committee, inter alia, approves issue of duplicate certificates and oversees and reviews all matters connected with the securities transfer. The Committee also looks into redressing of shareholders / investor's complaints like transfer of shares, non – receipt of balance sheet, etc., The Committee oversees the performance of the Registrar and Transfer Agents and recommends measures for overall improvement of the quality of investor services.

During the year under review the Company has not received any complaints from the shareholders. And as on 31st March, 2012, no requests for transfer are pending.

6. GENERAL BODY MEETINGS:

The last three Annual General Meeting of the Company were held as under:

Year	Location	Date	Time
2008 – 2009	Surana Auditorium, FAPCCI, Red Hills, Hyderabad – 500 004.	27 th August ' 2009	4:00 P.M
2009 – 2010	Bhaskara Auditorium, B.M.Birla Science Centre, Near Birla Mandir, Adarsh Nagar, Hyderabad – 500 063.	20 th November ' 2010	11:00 A.M
2010 - 2011	Swagath-De-Royal, Kondapur X Roads, Madhapur, Hyderabad - 500 080.	30 th September, 2011	3:30 P.M

7. DISCLOSURES:

- (i) Disclosure on materially significant related party transaction, i.e., transaction of the Company of material nature, with its promoters, the Directors or the management, their subsidiaries or relative etc., that may have potential conflict with the interests of the Company at large.

None of the transactions with any of the related parties were in conflict with the interest of the Company.

- (ii) Details of the non – compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets, during the last three years.

There were no instances of non – compliance of any matter related to the Capital markets during the last three years.

8. MEANS OF COMMUNICATION:

The Quarterly Results of the Company are published in English & Vernacular – Telugu Daily News Papers. Following are the details of Paper Publications of the Results.

Sr. No.	Quarter Ended	English Daily	Telugu (Vernacular) Daily	Date of Publication
1.	June 2011	Business Standard	Andhra Prabha	14th August, 2011
2.	September 2011	Business Standard	Andhra Prabha	17th.November, 2011
3.	December 2011	Business Standard	Andhra Prabha	15th February, 2012
4.	March 2012	Business Standard	Andhra Prabha	01st June, 2012

9. GENERAL SHAREHOLDER INFORMATION:

9.1 Annual General Meeting:			
Date and Time		10th September, 2012 at 11.00 A.M	
Venue		Swagath-De-Royal, Kondapur X Roads, Madhapur, Hyderabad - 500 080.	
9.2 Financial Report for the Quarter Ending (subject to change):			
1	June 2012	14 th August ' 2012.	
2	September ' 2012	15 th November ' 2012.	
3	December ' 2012	15 th February, 2013	
4	March '2013	15 th May, 2013	
9.3 Book Closure Date:			
Dates		4th September, 2012 to 10th September 2012 (inclusive of both the Days)	
9.4 Listing of Equity shares on Stock Exchanges:			
At		The Bombay Stock Exchange Limited, Mumbai.	
		The Madras Stock Exchange Limited.	
9.5 Stock Code: 530745			
(a) Trading Symbol		LNPL at all the Stock Exchanges In Physical & Demat Segment.	
(b) ISIN Number		Equity shares INE366C01013	
9.6 Stock Market Data:			
	Month	High	Low
1	Apr ' 2011	40.00	31.10
2	May '2011	37.90	31.40
3	June '2011	34.15	26.40
4	July '2011	31.15	27.00
5	Aug '2011	28.45	21.10
6	Sep '2011	20.05	08.25
7	Oct '2011	12.60	10.44
8	Nov '2011	12.33	08.46
9	Dec '2011	10.85	08.54
10	Jan '2012	09.85	06.87
11	Feb '2012	09.24	07.00
12	Mar '2012	08.52	06.23
9.7 Registrar and Transfer Agents :			
Name & Address:		Venture Capital and Corporate Investments Limited, 12 – 10 – 167, Bharat Nagar, Hyderabad – 500 018. Tele: 23818475, 23818476, 23868023.	

9.8 Share Transfer Systems:

System:	Presently the share transfers, which are received in physical form, are processed and the share certificates are dispatched to the members within 30 days from the date of receipt subject to the documents being valid and complete in all respects. Even the requests for transfers, which are rejected on technical grounds, are also dispatched within the said 30 days.
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9.9 Share Holding Pattern:

Category	% of Total Capital
Promoters & Associates	7.01%
Bodies Corporate	63.73%
Banks	00.00%
NRI's	00.30%
Others	28.96%

9.10 Distribution of Share Holding (As of 31st March ' 2012)

Range in No. of Shares	% of Total Capital
Up to 5000	1.83%
5001 10000	0.74%
10001 20000	0.97%
20001 30000	0.55%
30001 40000	0.48%
40001 50000	0.52%
50001 100000	1.29%
100001 & above	93.62%

9.11 Dematerialization of Shares:

Status:	Approximately 15.50% of the shares issued by the Company have been dematerialized up to 31 st March 2012.
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9.12 Plant Location:

Address:	Plot No.186, G.I.D.C., VAPI - 396 195. Tele.:0260 2430899.	Survey No.16/1, Rakholi, Silvassa – 396230, Dadra and Nagar Haveli, UT.
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9.13 Address for Investor Correspondence:

Address:	The Compliance Officer, LN INDUSTRIES INDIA LIMITED, (Formerly known as LN Polyesters Limited) Plot No.32, Flat No. 302, Vijaya Enclave, Srinagar Colony, HYDERABAD – 500 073.
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Compliance with non mandatory requirements : The company has opted not to adopt any of the non-mandatory requirements specified in clause 49 of the listing agreement.

Other Disclosures:

Code of Conduct for the Board Members and Senior Management Personnel

The Board of Directors had approved a Code of Conduct for Board Members and Senior Management Personnel of L N Industries India Limited.

This code is also available on the website of the Company. In terms of Clause 49 of the listing agreement a confirmation from Managing Director regarding compliance with the code by all the Directors and Senior Management is furnished below:

I, Confirm that all Directors and Senior Management Personnel have affirmed compliance with the L N Industries India Limited Code of Conduct for Board Members and Senior Management Personnel.

G.SURENDER REDDY

Managing Director

CEO CERTIFICATION

I, G. Surender Reddy, Managing Director of L N Industries India Limited (Formerly known as LN Polyesters Limited) hereby certify that:

- i. I had reviewed financial statements and the cash flow statement for the period ended 31st March, 2012, to the best of my knowledge and belief:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- ii. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- iii. I accept responsibility for establishing and maintaining internal controls and I had evaluated the effectiveness of internal control systems of the Company and I had disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- iv. I had indicated to the Auditors and the Audit Committee:
 - a) Significant Changes in internal controls during the year;
 - b) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements;
 - c) That there have been no instances of significant fraud of which we have become aware, involving the management or an employee having a significant role in the Company's internal control system.

Place: Hyderabad.

Date: 10th August ' 2012.

G.SURENDER REDDY

Managing Director

AUDITOR'S REPORT

To,
The Members of
LN INDUSTRIES INDIA LIMITED,
Hyderabad – 500 033.

We have audited the attached Balance Sheet of LN Industries India Limited, Hyderabad as on 31st March ' 2012, and also the Profit and Loss Account for the Year Ended on that date annexed thereto and Cash Flow Statement for the period ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the over all financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as we consider appropriate and according to the information and explanations given to us. We give in the annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
2. Our comments on the accounts are as under:
 - a) **Reference is invited to Note No.26.4 under Notes to Accounts regarding confirmation and / or reconciliation of balances.**
 - b) **According to the information and the explanations given to us, the Company does not have any over – dues to SSI units and hence no provision for interest is made in accounts.**
 - c) **The Company has not provided for the impairment in the value of the factory building situated at Patancheru, Hyderabad consequent to shifting of the manufacturing facilities from there to the present location at Silvassa and Vapi in Gurajat. In the absence of any engineering estimate on the utility and value of the asset we are unable to quantify the impact of the value of the impairment of the Building on the financial statements for the period.**
3. Subject to our observations in the annexure referred to in paragraph (1) and our comments in paragraph (2) above, We report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of such books.
 - c) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the Books of Account.
 - d) In our opinion the Balance sheet and Profit and Loss Account are in compliance with the Accounting Standards referred to in Sec. 211 (3C) of the Companies Act, 1956, excepting in relation to Accounting Standard 22 on Accounting for Taxes on Income and reference is invited to Note No.26.8 under Notes to Accounts.

- e) In our opinion, and based on the information and explanations given to us, none of the Directors of the Company are disqualified as on 31st March ' 2012, from being appointed as a Director under clause (g) of sub – section (1) of Section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account read together with the significant accounting policies and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
 - i) In so far as it relates to the Balance sheet, of the state of affairs of the Company as on 31st March ' 2012 and
 - ii) In so far as it related to the Profit and Loss Account, of the Profit of the Company for the period ended on that date.
 - iii) In the case of Cash Flow Statement, of the Cash Flows for the period ended on that date.

for M/s.KUMAR & GIRI
 CHARTERED ACCOUNTANTS
 FRN 01584 S

Place: Hyderabad.
 Date: 30th May ' 2012.

J.BHADRA KUMAR
 Partner.
 M.No.025480

ANNEXURE REFERRED TO IN PARAGRAPH (1) OF THE REPORT OF EVEN DATE:

- (i) (a) The Company is compiling the Fixed Assets Register consequent to the relocation and merging of the facilities at the new locations.
- (b) The Company has conducted physical verification of the fixed assets at one of its two manufacturing locations. The Company has detailed a plan of physical verification of the fixed asset in relation to the assets at the second manufacturing location.
- (c) In our opinion, the Company has not disposed off substantial part of fixed assets during the year and the going concern status of the Company is not affected. Reference is invited to Clause C of our comments on the Main Audit Report.
- (ii) (a) The stocks of raw materials, consumables, stores, work in progress and finished goods have been physically verified during the year by the management of the Company.
- (b) The procedure of the physical verification of the Inventories followed by the management are to be strengthened so as to be reasonable and commensurate with the size of the Company and the nature of its business.
- (c) The discrepancies noticed on verification of inventories as compared to the books were not material and it has been properly dealt with in the books of account of the Company.
- (iii) In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
- (a) The Company has outstanding loans from three parties. The maximum amount outstanding during the year in relation to the loans taken aggregate to Rs.613.34 Lakhs.

- (b) In our opinion and according to the information and explanations given to us, no rates of interests are specified for the loans taken. The other terms and conditions for these loans are not prima facie prejudicial to the interest of the Company.
- (c) The loan taken from Directors (three parties) are interest free and subordinate to the debts of the Financial Institutions so as to the repayment of principal.
- (d) The loan taken by the Company from JMF ARC has fallen due for repayment during the year and the amount of the same is outstanding. There are no other overdue amounts in respect of loans taken by the Company and also in relation to the loans given by the Company.
- (iv) In our opinion and according to the information and explanations given to us, the internal control procedures in the Company needs to be strengthened so as to be commensurate with the size of the Company and the nature of its business with regard to Purchases of Inventory, Fixed Assets and with regard to the Sale of Goods.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transaction made in pursuance of contract or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provision of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public excepting loans taken from others.
- (vii) The Company has an internal audit system. Keeping in view the growth in the business and future expansions, the scope of the internal audit needs to be enlarged and strengthened so as to be commensurate with the size of the Company and nature of its business.
- (viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, sales tax wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us no undisputed amounts payable in respect of wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March '2012, for a period of more than six months from the date they became payable, excepting the following

S.No.	Particulars	Amount	Remarks
1.	Deferred Sales Tax	118.63	Which has become due on account of the Unit being shifted from Andhra Pradesh
2	Provident Fund	1.60	
3	Tax Deducted At Source::	21.33	

On Rent	0.75	
On Contractors	1.53	
On Interest Others	0.39	
On Interest (M/s.JMFARC)	17.46	
On Consultancy	0.58	
On Commission	0.62	

- (c) According to the information and explanation given to us, there are no dues of sale tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
- (x) The Company has no accumulated losses as on 31st March'2012.
- (xi) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the Balance Sheet date.
- (xii) In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore clause 4(xiii) of the Companies (Auditor's Report) Order'2003 is not applicable to the Company.
- (xiv) In our opinion and according to the information and explanation given to us the Company is not dealing in shares and securities. In the case of investments held by the Company in shares the same are in the name of the Company.
- (xv) In our opinion and according to the information and explanations given to us the Company has not given guarantees for the loans taken by others from Banks or Financial Institutions.
- (xvi) The Company has not raised any new term loans during the year.
- (xvii) According to the information and explanation given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the Company has not utilized any amount out of short terms sources for long term uses and vice versa.
- (xviii) As at 31st March'2012 the Company has yet to allot 1,24,27,950 Fully Convertible Warrants.
- (xix) The Clause 4(xix) of the Companies (Audit Report) Order '2003 relating to the creation of security for the Debentures is not applicable to the Company as no debentures are raised by the Company.
- (xx) The Company has not raised any money by way of public issue during the year excepting the balance monies to be received against the yet to allot Fully Convertible Equity Warrants.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year that caused the financial statements to be materially misstated.

for M/S.KUMAR & GIRI.
CHARTERED ACCOUNTANTS.
FRN 01584 S

Place: Hyderabad.
Date: 30th May ' 2012.

J.BHADRA KUMAR
Partner.
M.No.025480.

BALANCE SHEET AS AT 31st MARCH, 2012

Particulars	Note No.	As at 12 Months Ended 31st March 2012		As at 6 Months Period Ended 31st March 2011	
I. EQUITY OF LIABILITIES					
1. Shareholders' Funds					
a) Share Capital	2		892,579,500		892,579,500
b) Reserves and Surplus	3		988,148,311		981,934,577
c) Money Received Against Share Warrants	4		273,414,900		128,229,900
2. Non - Current Liabilities					
a) Long Term Borrowings	5		163,097,660		149,571,899
3. Current Liabilities					
a) Short Term Borrowings	6		190,990,379		216,578,007
b) Trade Payables	7		39,382,205		50,344,141
c) Other Current Liabilities	8		14,219,331		3,063,529
d) Short Term Provisions	9		1,553,433		10,120,000
Total			2,563,385,719		2,432,421,553
II. ASSETS					
1. Non - Current Assets					
a) Fixed Assets					
(i) Tangible Assets	10	656,294,764		653,870,765	
(ii) Capital Work-in-Progress	11	44,200,791	700,495,555	48,070,288	701,941,052
Less : Depreciation			282,313,073		258,063,717
			418,182,482		443,877,335
b) Non-Current Investments	12		1,705,048,310		357,778,310
c) Long Term Loans and Advances	13		8,501,899		10,401,899
2. Current Assets					
a) Inventories	14		65,751,491		87,662,245
b) Trade Receivables	15		158,770,853		156,471,186
c) Cash and Cash Equipments	16		19,804,081		23,198,424
d) Short Term Loans and Advances	17		187,326,603		1,353,032,153
Total			2,563,385,719		2,432,421,553

The notes referred to above are an integral part of Balance Sheet.

Significant Accounting Policies as Notes No.1

As per our report of even date

For and behalf of the Board

For M/s KUMAR & GIRI

Chartered Accountants

FRN : 01584 S

J. BHADRA KUMAR

Partner

M.No. 025480

Hyderabad.

Date : 30th May, 2012.

G. SURENDER REDDY

Managing Director

K.C.VENKATESWARLU

Director

Profit & Loss Account for the Period ended 31st March, 2012

Particulars			As at 12 months ended 31st March, 2012	As at 6 Months Period Ended 31st March 2011
I.	Revenue from Operations	18	767,118,404	744,066,337
II.	Other Income	19	2,757,938	830,424
III.	Total Revenue (I + II)		769,876,342	744,896,761
IV.	Expenses :			
	Cost of Materials Consumed	20	627,710,429	638,013,610
	Changes in Inventories of :			
	Work-in-Progress (Increase)/Decrease	21	6,214,448	(2,917,468)
	Finished Goods (Increase) / Decrease	22	9,349,282	(5,671,891)
	Employee Benefit Expense	23	21,524,939	14,842,483
	Financial Costs	24	36,475,196	21,246,092
	Depreciation and Amortization Expense	10	24,249,356	11,504,985
	Other Expenses	25	36,585,525	34,422,565
	Total Expenses		762,109,175	711,440,377
V.	Profit before exceptional and Extraordinary Items and Tax	(III - IV)	7,767,167	33,456,384
VI.	Exceptional Items		0	0
VII.	Profit before Extraordinary Items and Tax (V-VI)		7,767,167	33,456,384
VIII.	Extraordinary Items		0	0
IX.	Profit Before Tax (VII - VIII)		7,767,167	33,456,384
X.	Tax Expense :			
	1) Current Tax		1,553,433	10,120,000
	2) Deferred Tax		0	0
XI.	Profit / (Loss) from the Period from Continuing Operations		6,213,734	23,336,384
XII.	Profit / (Loss) from Discontinuing Operations		0	0
XIII.	Tax Expense of Discounting Operations		0	0
XIV.	Profit / (Loss) from Discontinuing Operations	(XII - XIII)	0	0
XV.	Profit / (Loss) for the Period	(XI + XIV)	6,213,734	23,336,384
XVI.	Earnings Per Equity Share :			
	1) Basic		0.07	0.26
	2) Diluted		0.06	0.23

The notes referred to above are an integral part of Balance Sheet.
Significant Accounting Policies as Notes No.1

As per our report of even date

For and behalf of the Board

For M/s KUMAR & GIRI
Chartered Accountants
FRN : 01584 S

J. BHADRA KUMAR
Partner
M.No. 025480
Hyderabad.
Date : 30th May, 2012.

G. SURENDER REDDY
Managing Director

K.C.VENKATESWARLU
Director

CASH FLOW STATEMENT

For the period ended 31 March 2012

	Particulars	Amount Rs.	Amount Rs.
I.	CASH FLOW		
1.	Cash inflow from Operating activities		
	<i>a) Profit from operating activities</i>	6,213,734	
	Adjustments :		
	Depreciation and amortization	24,249,356	
	Interest & Finance Charges	36,475,196	
	<i>b) Working Capital Changes</i>		
	- Decrease in trade receivables	21,910,754	
	- Decrease in short-term loans and advances	1,165,705,550	
	- Increase in other current liabilities	11,155,802	
	Total of (1)		1,265,710,392
2.	Cash inflow from Investing Activities		
	a) Decrease in other long-term loans and advances	1,900,000	
	Total of (2)		1,900,000
3.	Cash inflow from Financing Activities		
	a) Proceeds from Convertible Warrants Monies	145,185,000	
	b) Proceeds from long-term borrowings	13,525,761	
	d) Proceeds from short-term borrowings	5,617,721	
	Total of (3)		164,328,482
	TOTAL CASH INFLOWS (1+2+3) (I)		1,431,938,874
II.	CASH OUTFLOW :		
1.	Cash outflow from Operating activities		
	<i>a) Loss from operating activities</i>	-	
	<i>b) Working capital changes :</i>		
	- Increase in trade receivables	2,299,667	
	- Decrease in trade payables	10,961,935	
	- Decrease in provisions	8,566,567	
	Total of (1)		21,828,169
2.	Cash Outflow from Investing Activities		
	a) Purchase of fixed assets		
	- Plant & Machinery	2,424,000	
	- Capital Work in Progress	(3,869,497)	
	b) Investment in subsidiaries/associates/business ventures	1,347,270,000	
	Total of (2)		1,345,824,503
3.	Cash Outflow from Financing Activities		
	a) Repayment of short-term borrowings	31,205,349	
	b) Interest and other finance costs	36,475,196	
	Total of (3)		67,680,545
	TOTAL CASH OUTFLOWS (1+2+3) (II)		1,435,333,217
III.	Net (decrease) / increase in cash and cash equivalents (I-II)		(3,394,343)
	Add : Cash and cash equivalents at the beginning of the period		23,198,424
IV.	Cash and cash equivalents at the end of the period		19,804,081

NOTES FORMING PART OF BALANCE SHEET

Particulars		As at 12 Months Period Ended 31-March-12		As at 6 Months Period Ended 31-Mar-11	
		Numbers	Amount (Rs.)	Numbers	Amount (Rs.)
Note:2	Share Capital				
	AUTHORISED SHARE CAPITAL :				
	Equity Shares of Rs.10/- each	145,000,000		145,000,000	
		145,000,000		145,000,000	
	ISSUED				
	Equity Shares of Rs.10/- each	89,257,950		89,257,950	
		89,257,950		89,257,950	
	SUBSCRIBED :				
	Equity Shares of Rs.10/- each	89,257,950		89,257,950	
		89,257,950		89,257,950	
	PAID UP CAPITAL :				
	Equity Shares of Rs.10/- each fully paid up	89,257,950	892,579,500	89,257,950	892,579,500
		89,257,950	892,579,500	89,257,950	892,579,500
Details of Shares held by each Shareholder Holding more than 5%					
	Name of the Shareholder	No.of Shares	% of Holding	No.of Shares	% of Holding
	Meritorious Realty Private Limited	6,133,300	6.87%	6,133,300	6.87%
	Patel & Patel Team Developers LLP	6,500,000	7.28%	6,500,000	7.28%
	HN Organisers & Developers LLP	6,750,000	7.56%	6,750,000	7.56%
	Nirvana Mall Management Pvt. Ltd.	7,200,000	8.07%	7,200,000	8.07%
	CVK Infrastructure Pvt. Ltd.	9,500,000	10.64%	9,500,000	10.64%
	Secunderabad Healthcare Limited	11,080,300	12.41%	11,080,300	12.41%
		47,163,600	52.84%	47,163,600	52.84%
Note :3	Reserve & Surplus				
	A) Share Premium Reserves				
	As at commencement of the year		940,384,600		940,384,600
	Add : Recd. on further Issue of Shares		0		0
			940,384,600		940,384,600
	B) Other Reserves				
	Central Subsidy				
	As at Commencement of the year		1,500,000		1,500,000
	Add : Received further		0		0
			1,500,000		1,500,000
	C) Surplus				
	Opening Balance		40,049,977		16,713,592
	Add : Net Profit for Current Year		6,213,734		23,336,384
	Closing Balance		46,263,711		40,049,977
			988,148,311		981,934,577

Notes on Accounts for the Year Ended 31st March, 2012

Note No.	Fixed Assets	Gross Block			Depreciation			Net Block	
		As at 01-Apr-11	Additions during the year	Disposal during the year	As at 31-Mar-12	As at 01-Apr-11	Depreciation for the year	As at 31-Mar-12	As at 31-Mar-11
10	Tangible Assets								
a)	Land	28,542,431	0	0	25,542,431	0	0	28,542,431	28,542,431
b)	Buildings	121,450,406	0	0	121,450,406	22,915,365	1,434,411	97,100,629	98,535,041
c)	Plant and Machinery	455,165,312	2,424,000	0	457,589,312	206,444,956	21,680,878	229,463,478	248,720,356
d)	Electrical Installations	24,912,612	0	0	24,912,612	12,451,041	0	12,461,571	12,461,571
e)	Borewell	2,069,219	0	0	2,069,219	536,476	0	1,532,743	1,532,743
f)	Office Equipment	1,620,277	0	0	1,620,277	1,114,315	89,908	416,054	505,962
g)	Furniture and Fixtures	1,871,566	0	0	1,871,566	1,421,224	95,116	355,227	450,342
h)	Computers	6,182,872	0	0	6,182,872	5,930,419	69,563	182,889	252,453
i)	Vehicles	12,056,069	0	0	12,056,069	7,249,920	879,479	3,926,669	4,806,149
	Total	653,870,765	2,424,000	0	656,294,764	258,063,717	24,249,356	373,981,692	395,807,047
11	Capital Work- in - Progress	48,070,288		3,869,497	44,200,791	0	0	44,200,791	48,070,288
	Total	48,070,288	0	3,869,497	44,200,791	0	0	44,200,791	48,070,288
	Grand Total	701,941,052	2,424,000	3,869,497	700,495,555	258,063,717	24,249,356	418,182,482	443,877,335

NOTES FORMING PART OF BALANCE SHEET

Particulars		As at 12 Months Period Ended 31-March-12		As at 6 Months Period Ended 31-Mar-11	
		Numbers	Amount (Rs.)	Numbers	Amount (Rs.)
Note:5	Long-Term Borrowings				
	A) Secured Loans				
	Long term Loans - From Banks / Financial Institutions				
	Rupee Term Loan (Secured by First Charge on Entire Fixed Assets and Personal Guarantee of Directors of the Company)		119,934,492		106,103,684
	Car Finance Loans from Banks (Secured by Hypothecation of Vehicles Financed out of proceeds of Loans)		163,168		468,215
			120,097,660		106,571,899
	Long Term Loans - Others				
	Land Dev. Deposits from Developers		43,000,000		43,000,000
			43,000,000		43,000,000
			163,097,660		149,571,899
Note :6	Short Term Loans - From Banks				
	A) Secured Loans				
	Packing Credit / Post Shipment Loans secured by charge on stock, book-debts and other cureent assets.		73,518,748		67,901,028
			73,518,748		67,901,028
	B) Unsecured Loans				
	Short Term Loans : Others				
	From Directors (See Note : Schedule 24)		61,334,306		94,104,654
	From Bodies Corporate & Others		40,873,951		39,908,951
	Trade Deposits		3,400,000		2,800,000
	Interest Free Sales Tax Loan		11,863,374		11,863,374
			117,471,631		148,676,980
			190,990,379		216,578,007
Note :7	Trade Payables				
	Sundry Creditors		39,382,205		50,344,141
			39,382,205		50,344,141
Note : 8	Other Current Liabilities				
	Duties & Taxes Payable		10,120,000		0
	Outstanding Liabilities		4,099,331		3,063,529
			14,219,331		3,063,529
Note : 9	Short - Term Provisions				
	For Taxation		1,553,433		10,120,000
			1,553,433		10,120,000

NOTES FORMING PART OF BALANCE SHEET

Particulars		As at 12 Months Period Ended 31-March-12		As at 6 Months Period Ended 31-Mar-11	
		Numbers	Amount (Rs.)	Numbers	Amount (Rs.)
Note:12	Non-Current Investments				
	Long Term Investment				
	Unquoted Equity Shares (at Cost)		525,756,400		356,675,000
	Convertible Warrants		651,448,600		0
	Share Application Money under allotments		526,740,000		0
	Quotated Equity Shares (at Cost)		1,103,310		1,103,310
			1,705,048,310		357,778,310
Note:13	Long - Term Loans & Advances				
	A) Secured Advances				
	Security Deposits		8,501,899		10,401,899
			8,501,899		10,401,899
Note:14	Inventories				
	Raw Material		8,362,704		13,733,896
	Consumables		8,375,278		9,209,472
	Packing Material		8,736,788		8,838,426
	Stock in Process		35,148,000		41,362,448
	Finished Goods		5,128,721		14,478,003
			65,751,491		87,662,245
Note:15	Trade Receivables				
	Debtors Outstanding for a period exceeding six months				
	Considered Goos		37,942,524		32,915,809
	Other Debots				
	Considered Goods		120,828,329		123,555,377
			158,770,853		156,471,186
Note:16	Cash & Bank Balances				
	Cash in Hand		62,864		17,172
	Balance with Scheduled Banks :				
	In Current Accounts		638,325		9,064,554
	In Margin Money Accounts		8,680,000		4,900,500
	In Fixed Deposit Accounts		10,422,892		9,215,659
	(Pledged with Banks)				
			19,804,081		23,198,424
Note:17	Short-Term Loans & Advances				
	A) Secured Advances				
	Tax Deduction at source		7,583,310		7,367,989
			7,583,310		7,367,989
	B) Unsecured Advances				
	Interest Receivable		0		221,267
	Prepaid Expenses		125,901		105,221
	Advance to Suppliers & Others		179,617,392		1,345,337,676
			179,743,293		1,345,664,164
			187,326,603		1,353,032,153

NOTES FORMING PART OF STATEMENT OF PROFIT & LOSS

Particulars		As at 12 Months Period Ended 31-March-12		As at 6 Months Period Ended 31-Mar-11	
		Amount (Rs.)		Amount (Rs.)	
Note:18	Revenue from Operations				
	a) Sale of Products	731,198,501		712,763,527	
	b) Other Operating Revenues (Conversion Charges)	38,675,067		33,246,464	
	c) Less : Excise Duty & Sales Tax		769,873,568 2,755,164		746,009,991 1,946,654
	Net Sales		767,118,404		744,066,337
Note:19	Other Incomes				
	a) Interest Income		674,739		284,673
	b) Dividend Income		1,500		0
	c) Net Gain / (Loss) on Sale of Investments		212,500		0
	d) Other Non-Operating Income		1,869,199		545,751
			2,757,938		830,424
Note:20	Cost of Materials Consumed				
	A) Raw Material Consumed				
	Opening Stock				
	a) Partially Oriented Yarn & Fabric	5,277,158		248,815	
	b) Dyes	3,729,812		3,357,540	
	c) Chemicals	4,467,813		4,506,423	
	d) Coning Oil	261,422		179,671	
			13,736,205		8,292,449
	Add : Purchases				
	a) Partially Oriented Yarn & Fabric	597,238,437		621,150,532	
	b) Dyes	11,116,282		8,879,623	
	c) Chemicals	1,701,298		2,203,235	
	d) Coning Oil	4,218,199		4,589,655	
	e) Freight & Carriage Inwards	1,011,625		1,064,580	
			615,285,841		637,887,625
	Less : Closing Stock				
	a) Partially Oriented Yarn & Fabric	1,510,983		5,277,158	
	b) Dyes	2,934,773		3,729,812	
	c) Chemicals	3,882,254		4,467,813	
	d) Coning Oil	235,020		261,422	
			8,563,030		13,736,205
	Raw Material Consumed				
	a) Partially Oriented Yarn & Fabric	601,004,612		616,122,189	
	b) Dyes	11,911,321		8,507,351	
	c) Chemicals	2,286,857		2,241,845	
	d) Coning Oil	4,244,601		4,507,904	
	e) Freight & Carriage Inwards	1,011,625		1,064,580	
	TOTAL (A)		620,459,016		632,443,869

NOTES FORMING PART OF STATEMENT OF PROFIT & LOSS

Particulars		As at 12 Months Period Ended 31-March-12		As at 6 Months Period Ended 31-Mar-11	
		Amount (Rs.)		Amount (Rs.)	
	B) Stores, Spares & Packing Material Consumed				
	Opening Stock				
	a) Stores & Spares	8,948,050		8,289,192	
	b) Packing Material	8,838,426		8,596,653	
			17,786,476		16,885,845
	Add : Purchases				
	a) Stores & Spares	0		771,902	
	b) Packing Material	6,222,673		5,698,470	
	c) Freight & Carriage Inwards	119,310		0	
			6,341,983		6,470,372
	Less : Closing Stock				
	a) Stores & Spares	8,140,258		8,948,050	
	b) Packing Material	8,736,788		8,838,426	
			16,877,046		17,786,476
	Stores, Spares & Packing Material Consumed				
	a) Stores & Spares	807,792		113,044	
	b) Packing Material	6,324,311		5,456,697	
	c) Freight & Carriage Inwards	119,310		0	
	TOTAL (B)		7,251,413		5,569,741
	GRAND TOTAL (A+B)		627,710,429		638,013,610
Note:21	Increase/(Decrease) in Work in Progress				
	A) Closing Stock of :				
	Yarn	35,148,000		41,362,448	
			35,148,000		41,362,448
	B) Opening Stock of :				
	Yarn	41,362,448		38,444,980	
			41,362,448		38,444,980
	Increase/(Decrease) in Stock (A-B)		(6,214,448)		2,917,468
Note:22	Increase / (Decrease) in Finished Goods				
	A) Closing Stock of :				
	Dyed Yarn	5,128,721		14,478,003	
			5,128,721		14,478,003
	B) Opening Stock of :				
	Dyed Yarn	14,478,003		8,806,112	
			14,478,003		8,806,112
	Increase / (Decrease) in Stock (A-B)		(9,349,282)		5,671,891
Note:23	Employees Remuneration & Benefits				
	Salary, Wages, Allowances & Other Benefits		21,198,477		14,690,579
	P.F. Contribution		326,462		151,904
			21,524,939		14,842,483

NOTES FORMING PART OF STATEMENT OF PROFIT & LOSS

Particulars		As at 12 Months Period Ended 31-March-12		As at 6 Months Period Ended 31-Mar-11	
		Amount (Rs.)		Amount (Rs.)	
Note:24	Financial Cost				
	Bank Charges		928,203		149,532
	Interest on :				
	Term Loan		17,460,569		12,312,930
	Working Capital Loans		12,916,255		5,483,792
	Vehicle Loan		51,697		42,590
	Unsecured Loans		5,118,472		3,257,248
			36,475,196		21,246,092
Note:25	Other Expenses				
	A) Selling & Distribution Expenses				
	Business Promotion Expenses		325,915		285,750
	Clearing, Forwarding & Freight		2,276,085		2,491,466
	Discount Allowed		3,792,802		3,564,473
			6,394,802		6,341,689
	B) Operating, Administrative & Other Expenses				
	Audit Fee		468,774		275,750
	Conveyance Exp.		409,072		260,709
	Foreign Exchange Rate Fluctuation on Exp.		282,581		0
	Factory Power & Fuel		17,472,963		12,976,448
	Insurance Charges		243,347		255,241
	Legal & Professional Fee		379,758		1,261,598
	Office & General Exp.		1,576,018		883,095
	Postage, Telegram, Printing & Stationary		192,851		237,044
	Rent, Rates & Taxes		975,312		1,207,112
	Repairs & Maintenance		6,330,301		9,346,077
	Security Exp.		1,059,919		568,657
	Telephone & Telex Charges		286,838		205,116
	Tour & Travelling Exp.		512,990		604,030
			30,190,723		28,080,876
			36,585,525		34,422,565

SIGNIFICANT ACCOUNTING POLICIES.

1) SIGNIFICANT ACCOUNTING POLICIES:

1.1 Basis of Preparations of Financial Statements:

The Financial Statement has been prepared under the Historical Cost Convention methods in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956, as adopted consistently by the Company.

1.2 Use of Estimates:

The presentation of Financial Statements requires estimates and assumptions to be made that effect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenue and expense during the reporting period. Difference between the actual results and estimated are recognizes in the period in which the results are known / materialized.

1.3 Revenue Recognition:

Revenue is recognized from Sale of Goods where significant risks and rewards of ownership in respect of the goods are transferred to the buyer, and further no significant uncertainties exists regarding the amount of consideration that would be received from the sale of goods.

1.4 Fixed Assets:

All Fixed Assets are stated at cost less accumulated depreciation. All costs including financing cost attributable to fixed assets till assets are ready for intended use are capitalized.

1.5 Depreciation:

Depreciation is provided on Straight Line Method at the rates and in the manner prescribed in Scheduled XIV of the Companies Act, 1956.

1.6 Impairment of Assets:

An asset is treated as impaired, when carrying cost of assets exceeds its recoverable amount. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The Impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of the recoverable amount.

1.7 Investments:

Investments are classified into current investments and long-term investments. Current Investments are valued, scrip wise, at cost or fair value, whichever is lower. Long-term investments are valued at cost. Provision for diminution is made script wise to recognize a decline, other than temporary.

1.8 Inventories:

Items of inventories are measured lower of cost or net realizable value. Cost of inventories comprises of Cost of purchase, cost of conversions and other cost incurred in bringing them to their present location and condition I) Raw Materials, consumable, stores and packing material are valued at Cost. II) Stock – in – process are valued at estimated Cost. III) Finished Stocks are valued at estimate Cost or net realizable value whichever is less.

1.9 Employee Retirement Benefits:

Company's contribution to Provident Fund and Superannuation Fund are charged to Profit and Loss Account, Gratuity and Leave Encashment benefits are charged to Profit and Loss Account on the basis of actuarial valuation.

1.10 Foreign Currency Transactions:

- (a) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.
- (b) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the profit and loss account except in cases where they relate to acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets.

1.11 Borrowing Costs:

Borrowing costs, which are directly attributable to the acquisition/ construction of fixed assets. Till the time such asset are ready for intended use are capitalized as part of the cost of the assets. Other borrowing costs are recognized as an expense in the year in which they are incurred.

1.12 Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be out flow of resources. Contingent Liabilities are not recognized

but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

26) NOTES TO ACCOUNTS:

26.1 CONTINGENT LIABILITIES:

All known and undisputed liabilities have been duly provided for, except the following:

- The Unexecuted portion of Letter of Credit opened by Bank is Rs. 22.11 Lacs (Previous Year – Rs.-nil- Lacs)
- Capital Commitments: Estimated amount of contracts remaining to be executed on capital account (net of advances) not provide for, amounts to Rs.1,400 Lacs - (previous Year Rs.1,400 Lacs).

26.2 Secured Loans:

- Dues to JMF ARC Pvt. Ltd., are secured by Joint – Equitable mortgage of tile deeds relating to the Company's immovable properties and are further secured by the personal guarantees of the Directors of the Company, and pledge of Shares of the Promoters.
- The Credit facilities from State Bank of Hyderabad are secured by way of hypothecation of present and future stock of raw materials, work – in – process, all finished and manufactured goods, stores, component and spares (not relating to Plant and Machinery) and book debts of the Company. The Working Capital facilities are further secured by Second charge on the fixed assets of the Company to the extent of Rs.840 Lakhs and the personal guarantees of the Directors of the Company.
- Vehicles acquired under Hire – Purchase agreement from, ICICI Bank Limited are secured by hypothecation of the respective vehicles. The Loans are further secured by the personal guarantee of the Directors.

26.3 Unsecured Loans:

- The Government of Andhra Pradesh, Commissionerate of Industries, has vide its letter no. 20/2/6/01826, dated 16th February '1996, fixed eligibility towards Sales Tax Deferment on the Sales Tax Payable by the Company for a period of 10 years with effect from July '28, 1995. As the Company has shifted its Manufacturing Facilities from Andhra Pradesh, the Company has to repay the said Sales Tax Deferment unsecured loan in full. As at 31st March '2012 out of the total Rs.502.84 Lacs availed an amount of Rs. 384.21 is paid back. The Sales Tax amount due as at March, 31st 2012 is shown under the head of account Unsecured Loans.

26.4 Balances appearing under Unsecured Loans, Investments, Sundry Debtors, Loans and Advances, Capital Work – in – Progress are subject to Confirmation and / or Reconciliation, if any.

26.5 REMUNERATION TO AUDITORS: (Including Service Tax)	2011 – 2012 12 Months	2010 - 2011 6 Months
As Auditors	3,75,020	2,20,600
In Other Capacity:		
i) Tax Audit & Tax Consultancy	56,252	33,090
ii) Certification	37,502	22,060
	4,68,774	2,75,750

26.6 The Convertible Warrants Monies represents Monies Received against Fully convertible Warrants to be issued.

26.7 The Company has only one segment of activity of dealing in textile products during the period, hence segment wise reporting as defined in Accounting Standard – 17 is not furnished.

26.8 The benefit of tax losses has not been brought to account, as the related benefits are not considered virtually certain. Hence the value of Deferred Tax is not determined and accounted as per the Provisions of Accounting Standard – 22 on Accounting for Taxes on Income, issued by the Institute of Chartered Accountants of India.

NOTES TO ACCOUNTS

26.9 Quantitative Information

(Pursuant to the provisions of paragraphs 3, 4C & 4D of part II of Schedule VI of the Companies Act, 1956)

CLASS OF GOODS, CAPACITY & PRODUCTION

Class of Goods manufactured: Polyester / Nylon Texturised, Twisted Dyed Yarn.

Particulars	2011 - 2012 (12 Months)		2010-2011 (6 Months)	
	Quantity (Tonnes)	Value (Rs.)	Quantity (Tonnes)	Value (Rs.)
a) Capacity				
Registered/Licensed (As per letter of intent)	3,600.000	—	3,600.000	—
b) Installed - Annualised				
Polyester / Nylon Texturised & Twisted Yarn @	3,483.000	—	3,483.000	—
Polyester / Nylon Dyed Yarn (@ Capacities arrived at as per the product mix)	3,483.000	—	3,483.000	—
c) Actual Production				
Polyester Texturised & Twisted Yarn # (# Captive consumption of Texturised & for Reliance. Previous Year conversion of 593.71 MT)	0.00	—	524.058	—
d) Particulars in respect of Sales				
Polyester Texturised & Twisted Yarn	0.00	0.00	0.00	0.00
Conversion Sales of Dyed Yarn	690.138	38,328,137	592.839	32,503,496
Conversion Sales of Text Yarn (*Includes - Waste Yarn Sale of 30 MT, Previous Year Waste Yarn Sale of 18 MT)	32.345	346,930	26.208	742,968
e) Details of Stock-in-trade				
Opening stock				
Polyester / Nylon Texturised & Twisted Yarn	240.787	46,639,606	199.30	38,693,795
Polyester / Nylon Dyed Yarn	96.327	14,478,003	51.010	8,806,112
Closing Stock				
Polyester / Nylon Texturised & Twisted Yarn	180.261	36,658,982	240.787	46,639,606
Polyester / Nylon Dyed Yarn	43.791	5,128,721	96.327	14,478,003
f) Details of Raw Materials Consumed				
Partially Oriented Yarn / Nylon		601,004,612		616,122,189
Dyes & Chemicals		14,198,178		10,749,196
Others		12,507,639		11,142,225
g) Value of Raw Materials, Spare parts and Components consumed				
Imported	1%	3,852,203	1%	4,001,311
Indigenous	99%	623,858,226	99%	634,012,299
h) Exports and Imports				
a) Value of imports calculated on CIF basis	—	—	—	—
i. Raw material	—	1,880,973	—	3,835,561
ii. Components & Spare Parts	—	—	—	—
iii. Capital goods	—	—	—	—
b) Expenditure in foreign currency				
Travelling	—	—	—	—
l) Technical know-how Fees	—	—	—	—

NOTE TO ACCOUNTS

26.10 Additional information pursuant to the Part IV of Schedule VI of the Companies Act, 1956.

a) Registration details	
Registration Number	15268
State Code Number	01
Balance Sheet date	31-Mar-12
b) Capital raised during the year (Rupees)	
Public Issue	-
Right Issue	-
Bonus Issue	-
Private Placement (Firm allotment to the Promoters and their associates)	-
c) Position of mobilisation and development of funds (Rupees)	
Total Liabilities	2,563,385,719
Total Assets	2,563,385,719
Sources of Funds	
Paid-up Capital	892,579,500
Convertible Warrants Monies	273,414,900
Reserves & Surplus	988,148,311
Secured Loans	236,616,408
Unsecured Loans	117,471,631
Application of Funds	
Net Fixed Assets	418,182,482
Investments	1,705,048,310
Net Current Assets	384,999,957
Miscellaneous Expenditure	-
Accumulated losses	-
d) Performance of the Company (Rupees)	
Turnover	769,876,342
Total Expenditure	762,109,175
Profit Before Tax & Extraordinary Items	7,767,167
Profit After Tax & Extraordinary Items	6,213,734
Earning Per Share (Rs.)	0.07
e) Generic name of the Principal product of the Company	
Item Code Number	5402209
Product Description	Polyester & Nylon Texturised, Twisted, Dyed Yarn

26.11 Figures have been rounded off to the nearest rupee.

26.12 Previous year figures have been regrouped where necessary. The previous year figures and current year figures are not comparable since financial year 2010-11 data represents operations for 6 (Six) Months, whereas current year data is for a period of 12 (Twelve) Months.

26.13 Notes 2 to 25 form an integral part of the Balance Sheet and Profit & Loss account.

As per our report of even date

For and behalf of the Board

For M/s KUMAR & GIRI

Chartered Accountants

FRN : 01584 S

J. BHADRA KUMAR

Partner

M.No. 025480

Hyderabad.

Date : 30th May, 2012.

G. SURENDER REDDY

Managing Director

K.C.VENKATESWARLU

Director

LN INDUSTRIES INDIA LIMITED

Plot No.32, Flat No.302, Vijaya Enclave, Srinagar Colony, HYDERABAD – 500 073.

ATTENDANCE SLIP

*Please complete this attendance slip and hand it over at the entrance of the Meeting Hall. Only members of their Proxies * to be present at the Meeting.*

DP. Id*	Name & Address of the Registered Share Holder
Client Id*	
Reg. Folio No.	

I hereby record my presence at the 19th ANNUAL GENERAL MEETING of the company at **Swagath-De-Royal, Kondapur X Road, Madhapur, Hyderabad - 500080.**, on **10th September 2012 at 11.00 A.M.**

* Applicable if shares are held in electronic form

** Strike out which ever is not applicable

Signature of Shareholder / Proxy

LN INDUSTRIES INDIA LIMITED

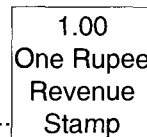
Plot No.32, Flat No.302, Vijaya Enclave, Srinagar Colony, HYDERABAD – 500 073.

PROXY FORM

I / We _____ of being the member
 / members of LN Plyesters Limited here by appoint _____ of _____
 _____ of falling him/her _____
 _____ as my/our Proxy to
 vote for me / us and on my / our behalf, at the 19th Annual General Meeting of the Company to be held at **Swagath-De-Royal, Kondapur X Road, Madhapur, Hyderabad-500080.**, on **10th September 2012 at 11.00 A.M.**

DP. Id*
Client Id*
Reg. Folio No.

Signature



Note : (a) Proxy need not be a member

(b) The Proxy Form duly signed by the member(s) across 1 Rupee Revenue Stamp as per specimen Signature registered in the Company should reach the Company's Share Department at Registered Office of the Company at least 48 hours before the time fixed for the meeting.

NOTICE

Notice is hereby given that the **Nineteenth Annual General Meeting** of the members of **LN INDUSTRIES INDIA LIMITED** (formerly known as *LN POLYESTERS LIMITED*) **will be held on Monday the 10th day of September'2012 at Swagat-De-Royal , Kondapur Cross Roads, Madhapur, Hyderabad - 500 080, at 11 : 00 A. M.,** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Audited Balance Sheet of the Company as at 31st March, 2012 and the Profit and Loss account for the Period ended on that date together with the schedules and notes thereon and the Directors' and Auditor's Report thereof.
2. To consider and appoint Sri.Shailesh Shivram Mistry, as Director who retires by rotation and being eligible offers himself for reappointment.
3. To consider and appoint M/s.Kumar & Giri, Chartered Accountants as Statutory Auditors of the Company to hold office until the conclusion of next Annual General Meeting at such remuneration as may be decided by the Board of Directors.

SPECIAL BUSINESS:

4. To Consider and if thought fit to pass the following Resolution with or without modification(s) as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 257 read with Section 255 & 256 and other applicable provisions, if any, of the Companies Act, 1956 and pursuant to Regulation 96 of the Articles of Association of the Company Sri.L.Madhu Kumar Reddy be and is hereby appointed as Director to liable to retire by rotation."

5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 81(1A), Section 292 (1) (c) and other applicable provisions, if any, of the Companies Act, 1956, Chapter VII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (including any modifications or re-enactment thereof, for the time being in force), Listing Agreement entered into with the Stock Exchange(s) where the shares of the Company are listed, provisions of the Memorandum and Articles of Association of the Company and subject to necessary approvals, consents, permissions and /or sanctions of the Central Government, Reserve Bank of India and/or any other appropriate authorities, consent of the members be and is hereby accorded to the allotment of 2,50,000 equity shares made to JM FARC, by the Board of Directors in their meeting held on 27th October, 2010, at par, upon the exercise of option of part conversion of the loan by JM FARC, vide their letter dated 19th October, 2010, in compliance with the terms of the original loan agreement entered into between the Company and IDBI and subsequent terms of restructuring of the said loan through its assignment by IDBI to JM FARC.

RESOLVED FURTHER THAT the Equity Shares issued to JM FARC rank pari-passu in all respects with the existing Equity Shares of the Company (including the rights related to payment of dividend, bonus, if any, etc.) and shall be listed on the Stock Exchange(s) on which the existing equity shares of the Company are listed.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the Board (or any committee thereof) be and is hereby authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to

settle any question, difficulty or doubt that may arise in this regard and to sign and execute all necessary documents, applications, returns and writings as may be deemed necessary, proper, desirable or expedient without being required to seek any further approval of the members of the Company or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by authority of this resolution."

By order of the Board
for LN INDUSTRIES INDIA LIMITED

Place: Hyderabad.

Date: 10.08.2012.

G. SURENDER REDDY
Managing Director

NOTES:

- 1 A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIM/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE VALID AND EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.**
- 2 Pursuant to the provisions of Section 154 of the Companies Act, 1956, the Register of Members and Share Transfer Books of the Company will remain closed from 4th September'2012 to 10th September'2012 (both days inclusive).
- 3 Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed herewith.
- 4 Members holding shares in physical form are requested to intimate the change, if any, in their Registered Address to the Company quoting their Registered Folio.

If the shares are held in Demat form, intimation regarding the change of address, if any, has to be notified to the concerned Depository Participant where the Shareholder is maintaining the Demat Account.
- 5 Members / Proxies should bring the Attendance slips duly filled in for identification for attending the meeting.
- 6 Members desiring any information on the Accounts are requested to write to the Company at least one week before the Meeting so as to enable the Management to keep the information ready. Replies will be provided only at the Meeting.

PROFILE OF DIRECTORS RETIRING BY ROTATION AND BEING APPOINTED AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT:

PROFILE OF SRI. SHAILESH SHIVRAM MISTRY:

Sri.Shilesh Shivram Mistry, is aged 30 years is a Graduate having experience in Administrative Matters in various Companies.

PROFILE OF SRI. L.MADHU KUMAR REDDY:

Sri.L.Madhu Kumar Reddy, is aged 55 years is a Graduate in Commerce, and he has vast experience in Project Civil, Administrative & Liaison with Government Authorities.

EXPLANATORY STATEMENT AS REQUIRED UNDER THE PROVISIONS OF SECTION 173 (2) OF THE COMPANIES ACT, 1956:

Item No. 4:

Sri.L.Madhu Kumar Reddy was appointed as Additional Director of the Company with effect from 15th November ' 2011 and holds office till the date of the ensuing Annual General Meeting. The management is of the opinion that continuation of Sri.L.Madhu Kumar Reddy as Director would immensely benefit the Company. The Company has received a notice from the member of the Company along with a deposit of Rs.500/- under Section 257 of the Companies Act, 1956 proposing the appointment of Sri.L.Madhu Kumar Reddy as Director of the Company liable to retire by rotation.

Appointment of Sri.L.Madhu Kumar Reddy as Director liable to retire by rotation requires the approval of members by way of Ordinary Resolution. Hence this resolution is placed before you for approval.

None of the Directors other than Sri.L.Madhu Kumar Reddy is concerned or interested in this resolution.

Item No. 5:

Your Company had entered into a Loan Agreement dated 31st January, 2007 with Industrial Development Bank of India (IDBI), which was subsequently restructured and assigned to JM Financial Asset Reconstruction Company Private Limited (JM FARC) by IDBI w.e.f. 27th September, 2010.

JM FARC, vide their letter dated 19th October, 2010, expressed their intention to exercise the option, as provided for in terms of the original loan agreement between the Company and IDBI and subsequent terms of restructuring of the said loan through its assignment by IDBI to JM FARC, of part conversion of the loan aggregating to Rs. 25,00,000/- (Rupees Twenty Five Lakhs only) into 2,50,000 Equity Shares of Rs. 10/- each fully paid up at par. Thus, pursuant to the above the Board of Directors allotted 2,50,000 Equity Shares of Face Value of Rs. 10/- each at par, against part conversion of their loans into Equity Shares of the Company, in their meeting dated 27th October, 2010.

Further, in terms of the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 the following disclosures are being made:

a. Pricing of the Issue and Lock-in Requirements:

As per the provisions of Regulation 70 (2) of SEBI (ICDR) Regulations, 2009, the provisions relating to calculation of price of specified securities and lock-in requirements for the Shares allotted, shall not be applicable to the allotment of Equity shares made to JM FARC, as it is a financial institution as defined under regulation 70(2) of SEBI (ICDR) Regulations, 2009. The text of the same is reproduced as under:

"70 (2) The provisions of this Chapter relating to pricing and lock-in shall not apply to equity shares allotted to any financial institution within the meaning of sub-clauses (ia) and (ii) of clause (h) of Section 2 of the Recovery of Debts due to Banks and Financial Institutions Act, 1993 (51 of 1993)."

However, if deemed necessary and appropriate, the Company shall, in consultation with the stock exchange, take necessary steps for compliance of any laws as may be applicable for getting the shares listed on the stock exchange.

b. Auditors Certificate:

M/s. Kumar & Giri, Chartered Accountants, the Statutory Auditor of the Company have furnished a certificate certifying the receipt of loan amount.

A copy of the certificate would be placed before the Shareholders for their consideration and approval.

c. SEBI Takeover Code and/Change in Control over the Company:

The said allotment of Shares is within the prescribed limits as mentioned in the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, now amended into and known as SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

Further, this allotment does not result into a change in control over the Company pursuant to this allotment.

d. Identity of Allottee :

Sl. No.	Name of the Allottee	Shares Issued	Against outstanding Amount of Rs.
1.	JM Financial Asset Reconstruction Company Private Limited (JM FARC)	2,50,000	25,00,000/-

e. Shareholding Pattern of the Company before and after the Allotment :

Sl. No.	Category of Shareholders	Pre-Issue Shareholding Pattern (as on 30th September, 2010)		Post - Issue Shareholding Pattern (After Allotment of Shares)	
		Total No. of Shares	%	Total No. of Shares	%
A	Promoter and Promoter Group				
1	Indian				
a	Individual, HUF	68,25,810	46.43	68,25,810	45.66
b	Bodies Corporates	0	0	0	0
	Total Shareholding of Promoter and Promoter Group (A)	68,25,810	46.43	68,25,810	45.66
B	Public Shareholding				
1	Institutions				
a	Fins / Banks	2,900	0.02	2,52,900	1.69
	Sub-Total - B(1)	2,900	0.02	2,52,900	1.69
2	Non-Institutions				
a	Bodies Corporates	3,80,493	2.59	3,80,493	2.54
b	Individuals holding Upto Rs.1 Lac	13,20,237	8.98	13,20,237	8.83
	Individual holding above Rs.1 Lac	58,03,859	39.48	58,03,859	38.82
	Any Other - NRI	3,67,601	2.50	3,67,601	2.46
	Sub-Total - B(2)	78,72,190	53.55	78,72,190	52.65
	Total (B) = B (1) + B (2)	78,75,090	53.57	81,25,090	54.34
	Total (A+B)	1,47,00,900	100.00	1,49,50,900	100.00
C	Shares held by Custodians and against which DRs have been issued	0	0	0	0
	Total (A+B+C)	1,47,00,900	100.00	1,49,50,900	100.00

The Board of Directors recommends the passing of the Special Resolution set out herein, for the approval of members.

None of the Directors are deemed to be concerned or interested in the said resolution.

By order of the Board
for LN INDUSTRIES INDIA LIMITED

Place: Hyderabad.
Date: 10.08.2012.

G. SURENDER REDDY
Managing Director

LN INDUSTRIES INDIA LIMITED
PLOT NO. 32, FLAT NO. 302, VIJAYA ENCLAVE,
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