

# ANNUAL REPORT, 2001



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**NILE**  
**LIMITED**

**N I L E  
L I M I T E D**

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**BOARD OF DIRECTORS**

Sri T. Panduranga Rao  
Sri V. Ramesh  
Sri V.S. Prasad  
Sri P.R. Gopalakrishna Reddy  
Dr. M.R. Naidu  
Sri Venkateswarlu Jasti  
Sri M. Ramaiah  
Sri K.V. Ramana  
Sri V. Sridharan

Chairman  
Managing Director

Director (Finance)  
Director (Technical)

**AUDITORS**

M/s. Raju & Prasad  
Chartered Accountants  
Diamond House  
Punjagutta,  
HYDERABAD

**BANKER**

Andhra Bank  
Sultan Bazar Branch  
HYDERABAD - 500 195.

**REGISTERED OFFICE**

Industrial Estate  
Nacharam  
HYDERABAD - 500 076

**SHARE TRANSFERS AND REGISTRATION**

NILE Limited  
Secretarial Department  
Industrial Estate  
Nacharam  
HYDERABAD - 500 076  
Phone : (040) 7173136  
(040) 7170829

Fax : (040) 7173203

**DEPOSITORY REGISTRAR**

M/s. Venture Capital & Corporate Investments Ltd.  
12-10-134 (MIG -134), 2nd Floor  
Bharatnagar Colony,  
Hyderabad - 500 018.  
Phone : (040) 3712250  
(040) 3712253



## N O T I C E

NOTICE is hereby given that the Seventeenth Annual General Meeting of the members of NILE Limited will be held on Thursday the 12th day of July, 2001 at 11 A.M. at the Registered Office of the Company located at Industrial Estate, Nacharam, Hyderabad - 500 076, Andhra Pradesh to transact the following business:

### ORDINARY BUSINESS:

- (1) To receive and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2001 and the Profit and Loss Account for the year ended on that date and Reports of Directors and Auditors thereon.
- (2) To appoint a Director in place of Sri T. Panduranga Rao, who retires by rotation and, being eligible, offers himself for reappointment.
- (3) To appoint a Director in place of Sri M. Ramaiah, who retires by rotation and, being eligible, offers himself for reappointment.
- (4) To consider and, if thought fit, to pass, with or without modification, the following resolution as an **ORDINARY RESOLUTION**.

**"RESOLVED THAT** M/s Sarathy & Balu, Chartered Accountants, Hyderabad be and are hereby be appointed as Auditors of the Company in the place of retiring Auditors M/s. Raju & Prasad, Chartered Accountants, to hold office till the conclusion of the next Annual General Meeting of the Company on a remuneration to be fixed by the Board of Directors of the Company."

### SPECIAL BUSINESS:

- (5) To consider and if thought fit, to pass, with or without modification(s) the following resolutions as Ordinary Resolution:

**"RESOLVED THAT** pursuant to provisions of Section 269 read with Schedule-XIII and other provisions of the Companies Act, 1956, consent of the Company be and is hereby accorded for re-appointment of

Sri. V. Ramesh as Managing Director of the Company for a period of 5 years with effect from 3rd August, 2001 without any remuneration".

**"RESOLVED FURTHER** that Sri V. Ramesh, Managing Director be and is hereby authorised to exercise overall supervision on the functioning of the Company and to do all acts and things for the management of the affairs of the Company under the control and direction of the Board of Directors of the Company."

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

**"RESOLVED THAT** pursuant to Section 31 of the Companies Act, 1956 and other applicable provisions if any, approval of the members of the Company be and is hereby accorded for amendment of the Articles of Association as follows:

#### I. Article 44 :

The existing article 44 be deleted and substituted by new article 44 as follows:

44. Subject to the provisions of Section 111A of the Companies Act, 1956 the Board may decline to recognise any transfer where:

- i) The instrument of transfer is not proper or has not been duly stamped and executed or that the certificate relating to the shares has not been delivered to the Company or that any other requirement of the law relating to the registration of such transfer has not been complied with, or
- ii) The transfer of shares on which the Company has a lien, provided that the registration of transfer shall not be refused on the ground that the transferor being either alone or jointly with any other person is indebted to the Company in any manner whatsoever, except a lien on the shares.

# N I L E L I M I T E D

## II. Article 63A & 63B :

Insertion of new articles 63A & 63B for Dematerialisation of Securities and Nomination facility after Article 63 as follows:

### 63A : DEMATERIALISATION OF SECURITIES :

- 1) Notwithstanding any thing contained in these Articles, the Company shall be entitled to dematerialise its existing securities and to offer securities in a dematerialised form pursuant to the provisions of the Depositories Act, 1996 or otherwise.
- 2) Notwithstanding anything contained in these Articles, an issue of security by the Company also be in the dematerialised form and the Company shall intimate the details of allotment to the depository immediately on allotment of such securities. Investors in a new issue and the beneficial owners shall have the option to rematerialise the securities subsequent to the allotment or dematerialisation, as the case may be, in which event the Company shall issue to the investor/beneficiary the required certificates of securities subject to the provisions of applicable laws, rules, regulations and guidelines. The shares so rematerialised shall bear new distinctive numbers so as to identify them from the shares not dematerialised.
- 3) All securities held in the depository mode with a depository shall be dematerialised and be in fungible form. To such securities held by a depository on behalf of a beneficial owner, nothing contained in Sections 153, 153A, 153B, 187A, 187B, 187C and 372 of the Act shall apply.
- 4) i. Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of securities on behalf of the beneficial owner.  
 ii. Save as otherwise provided in (i) above, the depository as the registered owner

of the securities shall not have other membership rights in respect of the securities held by it.

- iii. Every person holding securities of the Company and whose name is entered as the beneficial owner in the register maintained by a depository shall be deemed to be a member of the Company. The beneficial owner of securities shall alone be entitled to all the rights and benefits and be subject to all the liabilities in respect of the securities held in the depository mode of which he is the beneficial owner.

- 5) Notwithstanding anything contained in the Act or these Articles to the Company, where securities are held in a depository mode, the records of the beneficial owner may be served by the depository on the Company by means of electronic mode or by delivery of floppies or discs.
- 6) Nothing contained in Section 108 of the Act or these Articles shall apply to transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owner in the register maintained by a depository under the Depositories Act 1996.
- 7) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held in the depository mode.
- 8) The Register and index of beneficial owners maintained by the depository under the Depositories Act 1996 shall be deemed to be the Register and index of members and holders of securities for the purposes of these Articles and the Act.

### 63B: NOMINATION FACILITY:

- 1) Every holder of shares in, or holder of debentures of, the Company may, at any time, nominate, in the prescribed manner, a person to whom his shares in, or debentures of the Company shall vest in the event of his death.



- 2) Where the shares in, or debentures of, the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of all the joint holders.
- 3) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in, or debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in, or debentures of the Company, the nominee shall on the death of the Shareholder or holder of debentures of the Company or as the case may be, on the death of the joint holders, in relation to such shares in, or debentures of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.
- 4) Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures, to make the nomination and to appoint, in the prescribed manner, any person to become entitled to shares in, or debentures of the Company, in the event of his death, during the minority.
- 5) Any person who becomes a nominee by virtue of the provisions of Section 109A, upon the production of such evidence as may be required by the Board and subject as hereinafter provided, elect either -
  - i) to be registered himself as holder of the shares or debentures, as the case may be; or
  - ii) to make such transfer of the shares or debentures, as the case may be, as the deceased shareholder or debenture holder, as the case may be, could have made.
- 6) If the person, being a nominee, so becoming entitled, elects to be registered as holder of the shares or debenture, himself, as the case may be, he shall deliver or send to the Company notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder, as the case may be.
- 7) All the limitations, restrictions and provisions of this Act relating to the right to transfer and the registration of transfers of shares or debentures shall be applicable to any such notice or transfer as aforesaid as if the death of the member had not occurred and the notice or transfer were a transfer signed by that shareholder or debenture holder, as the case may be.
- 8) A person, being a nominee, becoming entitled to a share or debenture by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the shares or debentures, except that he shall not, before being registered a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to the meetings of the Company. Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the shares or debentures, until the requirements of the notice have been complied with.
- 9) A depositor may, in terms of Section 58A at any time, make a nomination and the above provision shall, as far as may be, apply to the nomination made under the sub-section.

**N I L E  
L I M I T E D****NOTES:**

- I. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company. Proxy, in order to be effective, must be deposited at the Company's Registered Office not less than 48 hours before the time fixed for the meeting.
- II. The Register of Members and Share Transfer Books of the Company will be closed from 11/7/2001 to 16/7/2001 (both days inclusive).
- III. The Company informs you that your Company's shares are in Dematerialised form with effect from 28.05.2001 by the order of the BSE. In connection therewith, the Company entered into tripartite agreements with M/s. NSDL, Mumbai, M/s. CDSL, Mumbai and M/s. Venture Capital and Corporate Investments Ltd, Hyderabad for dematerialisation of shares. The Company has been allotted its International Securities Identification Number (ISIN): INE445D01013. All the Shareholders are requested to transfer their shares in Dematerialised form through their depository participants.
- IV. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business is annexed hereto.

By Order of the Board  
For **NILE LIMITED**

Place : Hyderabad  
Date : 9-6-2001

**V. RAMESH**  
Managing Director

**Registered Office:**  
Industrial Estate  
Nacharam  
Hyderabad - 500 076




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**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:**
**Item No. 4:**

A Special Notice in terms of Section 190 of the Companies Act, 1956 has been received under Section 225(1) from a Member proposing the appointment of M/s.Sarathy & Balu, Chartered Accountants, as Auditors of the Company in place of M/s.Raju & Prasad, Chartered Accountants, the retiring Auditors of the Company. The retiring Auditors have expressed their unwillingness to be reappointed.

**Item No.5:**

As the tenure of the Managing Director expires on 2.8.2001, it is recommended to reappoint Sri. V. Ramesh as Managing Director for a further period of 5 years without any remuneration. As per the provisions of the Companies Act, it requires the approval of the members at their meeting; therefore, the resolution is recommended for approval of the members. None of the Directors of the Company is interested except Sri V. Ramesh as it relates to his appointment.

**Item No.6:**

As per the changes in the Companies Act and insertion of Depositories Act, the provisions of Section 111A are applicable to all listed companies; therefore, the Article 44 needs to be deleted for insertion of the provisions of the Section 111A of the Companies Act, 1956.

In terms of the directions issued by the Stock Exchange – Mumbai, the shares of the Company will be traded in demat form with effect from 28.05.2001. Further in respect of change made in the Companies Act, 1956 for nomination facility for equity shares, debentures and deposits of the Company, the Articles of Association of the Company are required to be amended accordingly through insertion of articles relating to dematerialisation of shares and nomination facility subject to the approval of the members of the Company in the light of the SEBI directions and Changes in the Companies Act, 1956. The Board recommended the resolution for approval of the members.

None of the Directors is interested in the resolution.



By Order of the Board  
For **NILE LIMITED**

Place :Hyderabad  
Date :9-6-2001

**V. RAMESH**  
Managing Director

**Registered Office:**  
Industrial Estate  
Nacharam  
Hyderabad - 500 076

# N I L E L I M I T E D

## DIRECTORS' REPORT

To

### The Members,

Your Directors take pleasure in presenting the 17<sup>th</sup> Annual Report on the operations of your Company and the Audited Accounts for the financial year ended 31st March, 2001, together with Auditors' Report thereon.

### PERFORMANCE OF THE COMPANY

Your Company's performance during the year in comparison with previous year is given below in a summarized format :

	(Rupees in lakhs)	
	2000-01	1999-2000
Sales	1448.43	1147.33
Other Income including power	112.49	185.68
Profit before interest and depreciation	121.87	71.10
Less : Interest	110.83	88.87
Depreciation	96.03	99.93
Profit before tax	(84.99)	(117.70)
Prior period Adjustments	00.48	8.43
Less: provision for taxation	—	—
Profit after tax	(84.99)	(117.70)
Add: Brought forward from previous year	55.10	164.37
Investment allowance reserve no longer required	2.22	20.03
	<u>(27.19)</u>	<u>75.13</u>
<b>Appropriation:</b>		
General Reserve	2.22	20.03
Carried to Balance Sheet	<u>(29.41)</u>	<u>55.10</u>
	<u>(27.19)</u>	<u>75.13</u>

### DIVIDEND:

Your Directors regret that due to cash flow constraints and the losses incurred by the Company, it will not be possible to pay any dividend for the year.

### OPERATIONS

The market demand for glass lined equipment continues to be good. There has been improvement in the sales volume as well as the price realization, compared to the previous year. The glass lining unit made a significant cash profit during the year, and this trend is expected to continue.

The capacity utilization of the lead unit has been improving over the past few months. Your Company has also been shifting from job work (conversion) to direct sales of lead and alloys to various customers.

All the lease rental obligations of the Company for the wind mills were over during the financial year.

### OUTLOOK FOR THE FUTURE

The glass lining unit is expected to continue the improvement in sales and profitability during the current year.

There has been a quantum jump in the capacity utilization of the lead unit. Your Company is now one of the main sources of supply for lead and lead alloys to several private sector end-users, as well as to the defence establishments. Your Company, no longer, is dependant on conversion business, and 75% of the production is for direct sales, resulting in a much larger turnover. The capacity utilization during the current year is expected to be 100%.

The cash outflow on account of lease rentals for windmills will no longer be a burden to your Company since all payments due were made during the 2000-2001 financial year. The performance of the windmills continues to be good, and will be a source of significant income during the current and future years.

Loans from Andhra Bank and Industrial Development Bank of India are being paid back as per schedule. This results in gradual reduction in the interest burden.

Taking all the above factors into consideration, your Directors are confident that the current financial