

ANNUAL REPORT, 1998

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CS	☒		DPY	☒
RO	☒		DIV	☒
TRA	☒		AC	☒
AGM	☒	☒	SHI	☒
YE	☒	☒		☒

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BOARD OF DIRECTORS

Sri T Panduranga Rao	Chairman
Sri V Ramesh	Managing Director
Sri V S Prasad	
Sri P R Gopalakrishna Reddy	
Sri G Ramaswamy	
Dr. M R Naidu	
Sri Venkateswarlu Jasti	
Sri M Ramaiah	Director (Finance)
Sri V Sridharan	Director (Technical)

AUDITORS

M/s. Raju & Prasad
Chartered Accountants
Amrutha Hills
Panjagutta
HYDERABAD

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BANKER

Andhra Bank
Sultan Bazar branch
HYDERABAD

REGISTERED OFFICE AND FACTORY

Industrial Estate
Nacharam
HYDERABAD - 500 076

SHARE TRANSFERS AND REGISTRATION

NILE Limited
Secretarial Department
Industrial Estate
Nacharam
HYDERABAD - 500 076
Phone : (040) 7173136
7170829
Fax : (040) 7173203



NOTICE

NOTICE is hereby given that the 14th Annual General Meeting of the members of NILE LIMITED will be held on Tuesday, the 29th September, 1998 at 10.00 AM at Surana Udyog Auditorium of The Federation of Andhra Pradesh Chambers of Commerce and Industry, 11-6-841, Red Hills, Hyderabad-500 004 to transact the following business:

Ordinary Business

1. To receive and adopt the Audited Balance Sheet as at 31st March, 1998 and the Profit and Loss Account for the year ended on that date and Reports of the Board of Directors' and Auditors' thereon.
2. To declare a dividend.
3. To appoint a Director in place of Dr M R Naidu, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Sri G Ramaswamy, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Sri T Panduranga Rao, who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint Auditors and to fix their remuneration.

Special Business

7. To consider and, if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION
 "RESOLVED THAT the remuneration payable to Sri M Ramaiah, wholetime Director of the Company be and is hereby approved as per the terms set out in the Explanatory Statement annexed to the notice covering this Annual

General Meeting, which shall also be the minimum remuneration payable to him in the absence or inadequacy of profits; and with a power to the Board to alter and vary such salary, allowances and perquisites, so as not to exceed the limits specified in part II of Schedule XIII to the Companies Act, 1956, or any statutory modification or re-enactment thereof."

8. To consider and, if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION

"RESOLVED THAT the remuneration payable to Sri V Sridharan, wholetime Director of the Company be and is hereby approved as per the terms set out in the Explanatory Statement annexed to the notice covering this Annual General Meeting, which shall also be the minimum remuneration payable to him in the absence or inadequacy of profits; and with a power to the Board to alter and vary such salary, allowances and perquisites, so as not to exceed the limits specified in part II of Schedule XIII to the Companies Act, 1956, or any statutory modification or re-enactment thereof."

Notes:

1. An explanatory statement pursuant to section 173(2) of the Companies Act, 1956 is annexed hereto and forms part of this notice.
2. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and proxy need not be a member. Proxies in order to be effective must reach the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.

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3. The Register of Members and Share Transfer Books of the Company will remain closed from 23rd September, 1998 to 29th September, 1998 (both days inclusive).
4. The dividend, if any, declared at this meeting will be paid to those members, whose names appear in the Register of Members of the Company on 29th September, 1998.
5. Members are requested to notify immediately any change in their address, to the Company's registered office.
6. Members desiring any information concerning Accounts are requested to send their queries at least seven days before the date of the meeting to the Company so that information required may be made available, at the meeting.
7. Members are requested to bring their copy of the Annual Report alongwith them to the Meeting as copies of the Annual Report will not be distributed at the Meeting.
8. The unpaid dividend that is due for transfer to the Central Government pursuant to section

205A of the Companies Act, 1956, is as follows:

Financial Year ended	Due for Transfer on
Interim dividend for the financial year ended 31-03-1996	24-02-1999
Final dividend for for the financial year ended 31-03-1996	31-10-1999

Members, who have not encashed their Dividend Warrants for the aforesaid financial year, are requested to *approach* the Company for obtaining duplicate Dividend Warrants.

9. Members/Proxies are requested to deposit the enclosed attendance slip at the meeting.

By Order of the Board

V. Ramesh

Date : 13th August, 1998

Managing Director

Registered Office:

Industrial Estate

Nacharam

HYDERABAD-500 076



ANNEXURE TO NOTICE

Explanatory Statement (Pursuant to Section 173(2))

Item No.7

Sri M Ramaiah has been working for the Company since inception i.e., 13 years and with effect from 18-12-1993, he is on the Board of Directors of the company as Director (Finance) subject to retirement by rotation. He was reappointed by the members in the last Annual General Meeting. Considering the experience he has gained and his contribution to the Company, there is an imperative need to revise his remuneration upward.

The following are the terms of remuneration, which are in conformity with the Schedule XIII of the Companies Act, 1956 and are subject to approval of members:

- | | | |
|---------------------------------|---|---|
| i) Salary | : | Rs.20,000/- per month from 1st April, 1998. |
| ii) Conveyance reimbursement | : | Not exceeding Rs.3,000/- in a month. |
| iii) House Rental Allowance | : | 20% of the Salary. |
| iv) Leave Travel Allowance | : | Not exceeding one month's salary per annum for self and family. |
| v) Medical reimbursement | : | Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years. |
| vi) Personal Accident Insurance | : | An amount the premium of which shall not exceed Rs.2,000/- per annum. |
| vii) Provident Fund | : | As per provisions of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952. |
| viii) Gratuity | : | Not exceeding half a month's salary for each completed year of service. |
| ix) Telephone | : | The Company will provide Telephone at residence. Long distance personal calls will be billed by the Company. |
| x) Ex-gratia | : | As applicable to wholetime employees of the Company. |

Your Directors recommend the resolution for approval.

None of the Directors of the Company except Sri M Ramaiah is concerned or interested in the resolution.

Note : The above may be treated as an abstract of the terms of appointment between the Company and Sri M Ramaiah, pursuant to section 302 of the Companies Act, 1956.

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Item No.8

Sri V Sridharan has been working for the Company since inception i.e. 13 years and with effect from 18-12-1993, he is on the Board of Directors of the company as Director (Technical) subject to retirement by rotation. He was reappointed by the members in the last Annual General Meeting. Considering the experience he has gained and his contribution to the Company, there is an imperative need to revise his remuneration upward.

The following are the terms of remuneration, which are in conformity with the Schedule XIII of the Companies Act, 1956 and are subject to approval of members:

- | | | |
|---------------------------------|---|---|
| i) Salary | : | Rs.20,000/- per month from 1st April, 1998. |
| ii) Conveyance reimbursement | : | Not exceeding Rs.3,000/- in a month. |
| iii) House Rental Allowance | : | 20% of the Salary. |
| iv) Leave Travel Allowance | : | Not exceeding one month's salary per annum for self and family. |
| v) Medical reimbursement | : | Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years. |
| vi) Personal Accident Insurance | : | An amount the premium of which shall not exceed Rs.2,000/- per annum. |
| vii) Provident Fund | : | As per provisions of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952. |
| viii) Gratuity | : | Not exceeding half a month's salary for each completed year of service. |
| ix) Telephone | : | The Company will provide Telephone at residence. Long distance personal calls will be billed by the Company. |
| x) Ex-gratia | : | As applicable to wholetime employees of the Company. |

Your Directors recommend the resolution for approval.

None of the Directors of the Company except Sri V Sridharan is concerned or interested in the resolution.

Note : The above may be treated as an abstract of the terms of appointment between the Company and Sri V Sridharan, pursuant to section 302 of the Companies Act, 1956.

By Order of the Board

V. Ramesh
Managing Director

Date : 13th August, 1998
Registered Office:
Industrial Estate
Nacharam
HYDERABAD-500 076.



DIRECTORS' REPORT

To the Members,

Your Directors take pleasure in presenting this 14th Annual Report on the operations of your Company and the Audited Accounts for the Financial Year ended 31st March, 1998 together with Auditors' Report thereon.

Performance of the Company

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

	(Rupees in lakhs)	
	1997-98	1 1996-97
Sales	927.50	1,137.38
Other Income including power	296.48	204.09
Profit before interest and depreciation	284.47	322.10
Less : Interest	90.03	53.64
Depreciation	89.10	88.32
Profit before Tax	105.34	180.14
Add : Prior period adjustments	-	2.93
Less : Provision for taxation	32.00	23.55
Profit after Tax	73.34	159.52
Add : Balance brought forward from the previous year	157.52	207.50
	<u>230.86</u>	<u>367.02</u>
Appropriation:		
Provision for dividend	59.50	59.50
General Reserve	6.00	150.00
Income Tax Provision relating to previous year	0.98	-
Income Tax on Dividend for 1996-97	5.95	-
Carried to Balance Sheet	158.43	157.52
	<u>230.86</u>	<u>367.02</u>

Dividend

Your Directors recommend a dividend of 20% (Rs.2/- per share) on equity shares for the year ended 31st March, 1998. The dividend declared will be exempt from Tax in the hands of the shareholders.

Operations

The performance of the Company during the year under review does not compare favourably with the performance in the previous year for the reason that the user industries, mainly Pharmaceuticals,

continue with poor performance this year also. As a result, pressures on margins were high and this resulted in lower profitability this year also.

Diversification plans

In the last report, it was stated that your Company has entered into a technology services and marketing agreement with an Israeli Company for recycling of Lead with a pollution free process with exclusive rights to market this technology for marketing in 17 South East Asian Countries. The technology was tried in the pilot plant but the results were not satisfactory. Therefore, your Company has terminated the agreement.

The manufacture of Glasslined Nutch Filters with the collaboration of the Italian Company is also making progress at a very slow pace in view of the present recession in industrial activity and general economic slow down.

Your directors are happy to inform that the efforts of your Company in fabrication of pressure vessels is encouraging and your Company has executed an order meant for Exports. The value of the order was Rs.218 lakhs. Some large fabrication orders are under execution and some more are in the pipe line.

Statement under clause 43 of the listing agreement giving details of projections made in the prospectus dated 11th January, 1995 and the performance for the year ended 31st March, 1998

Particulars	Projections	Performance
	(Rs. in lakhs)	
Net sales and other income	1845	1147
Profit after Tax	499	73
Earning per share	Rs.16.61	Rs.2.47
Book Value	Rs.89.39	Rs.71.13

The shortfall in turnover and margins was due to slow rate of growth of capital investment in the user industries, which in turn is due to general economic slow down and the consequent industrial recession.

Outlook for the future

Your Directors are hopeful of better performance in the current year. The first quarter working is better than that of the same period last year. The pressure vessels fabrication will add substantial value to the current year turnover.