

ANNUAL REPORT, 1999

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N I L E
L I M I T E D

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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	
Dr. M R Naidu	
Sri Venkateswarlu Jasti	
Sri M Ramaiah	
Sri V Sridharan	Director (Technical)

AUDITORS

M/s. Raju & Prasad
Chartered Accountants
G-15, "Sapphire"
Amrutha Hills
Panjagutta
HYDERABAD

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 15th Annual General Meeting of the members of NILE LIMITED will be held on Thursday, the 30th September, 1999 at 2.00 PM 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, 1999 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 appoint a Director in place of Sri V S Prasad, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Sri Venkateswarlu Jasti, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Sri M. Ramaiah, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

Notes:

1. 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.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 23rd September, 1999 to 30th September, 1999 (both days inclusive).
3. Members are requested to notify immediately any change in their address, to the Company's registered office.

4. 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.
5. Pursuant to section 205A of the Companies Act, 1956, the unclaimed interim dividend pertaining to the financial year ended 31-03-1996 was transferred to General Revenue Account of the Central Government. Members who have not encashed the dividend warrant of the said period are requested to claim the amount from the Registrar of Companies, Andhra Pradesh, Hyderabad. Members who have not encashed the dividend warrant for the subsequent years may please write to the Company for obtaining duplicate Dividend Warrants.
6. 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.
7. Members/Proxies are requested to deposit the enclosed attendance slip at the meeting.

By Order of the Board

V. Ramesh

Managing Director

Date : 28th August, 1999

Registered Office:

Industrial Estate
Nacharam
HYDERABAD-500 076

Annual Listing Fee has been paid to each of the following exchanges, where company's securities are listed:

1. The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers
Dalai Street MUMBAI - 400 001.
2. The Hyderabad Stock Exchange Limited
No.3-6-275, Himayatnagar
HYDERABAD-500 029

N I L E L I M I T E D

DIRECTORS' REPORT

To the Members,

Your Directors take pleasure in presenting this 15th Annual report on the operations of your Company and the Audited Accounts for the Financial Year ended 31st March, 1999 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)	
	1998-99	1997-98
Sales	1187.62	927.50
Other Income including power	217.56	298.50
Profit before interest and depreciation	245.65	284.47
Less: Interest	71.76	90.03
Depreciation	90.23	89.10
Profit before tax	83.66	105.34
Add: Prior period adjustments	—	—
Less: Provision for taxation	39.50	32.00
Profit after tax	44.16	73.34
Add: Balance brought forward from the previous year	158.43	157.52
	<u>202.59</u>	<u>230.86</u>
Appropriation:		
Provision for dividend	—	58.50
General Reserve	—	6.00
Income Tax Provision related to previous year	32.27	0.98
*Income Tax on Dividend for 1997-98	5.95	5.95
Carried to Balance Sheet	<u>164.37</u>	<u>158.43</u>
	<u>202.59</u>	<u>230.86</u>

Dividend

Despite a good record of dividends paid in the past, your Directors regret that, due to cash flow constraints, it will not be possible to pay any dividend for the year.

Operations

Even though the turnover of the Company increased significantly, profits dropped substantially due to erosion in margins caused by severe competition. Margins continue to be under pressure this year also.

Trial production of the lead recycling plant has started, and it is expected to contribute to the profits of the Company during the current year.

A pilot Glasslined Nutsch Filter is being manufactured for the purpose of demonstration to potential customers. Even though this equipment fulfils a critical need for the user industries, its high cost has been an inhibiting factor in its commercial adaptation.

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, 1999

Particulars	Projections	Performance
	(Rs. in lakhs)	
Net sales and other income	2115	1289
Profit after tax	625	44
Earning per share	Rs. 20.79	Rs. 1.47
Book Value	Rs. 107.16	Rs. 70.96

The shortfall in turnover and margins was due to recession in the user industries, coupled with severe pressure on selling prices.

Outlook for the future

Your Directors are hopeful of better performance in the current year, primarily because of the commissioning of the lead recycling plant.

Quality System

Your Company's Certificate for quality system under ISO 9001 from Indian Register of Quality Systems continues to be valid.



Conservation of Energy

Your Company continues its efforts to conserve energy wherever practicable by economising on the use of power through better utilisation of equipment and proper production planning.

Technology Absorption

Your Company has fully absorbed the Technology of its technical collaboration with Hakko Sangyo Company Limited, Japan.

Foreign Exchange earning and outgo

	(Rupees)	
	1998-99	1997-98
a) Foreign Exchange earnings on exports	—	17,61,999
b) Foreign Exchange used on account of:		
i) Foreign travel	1,69,250	2,11,341
ii) Testing Charges	95,668	—
iii) Technical service	—	10,35,012
iv) CIF value of Imports:		
Raw materials & stores	12,99,827	6,71,023
v) Dividend	2,73,570	3,70,712
vi) Capital Goods	22,36,255	—

Directors

Your Directors deeply mourn the sad demise on 22nd May, 1999 of Sri G. Ramaswamy, Director. Your Directors place on record their appreciation of the valuable services rendered by Sri G. Ramaswamy as Director of your Company.

Pursuant to the provisions of Section 256 of the Companies Act, 1956, Sri V.S.Prasad, Sri Venkateswarlu Jasti and Sri M.Ramaiah, Directors retire by rotation and are eligible for re-appointment.

Auditors

Your Company's Auditors M/s.Raju & Prasad, retire at the conclusion of the forthcoming Annual General Meeting and have signified their willingness to accept re-appointment and confirmed their eligibility under Section 224(1-B) of the Companies Act, 1956.

Particulars of employees

As required by the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (particulars of employees) Rules, 1975, as amended, your Directors report that no employee was in receipt of remuneration of Rs.6 lakhs or more per annum, or Rs.50,000/- or more per month where employed for a part of the year.

Y2K Compliance

Your Company has already initiated necessary steps for ensuring compliance of its computer systems with Y2K and is confident that no problems will be encountered on this account.

Takeover bid by Gujarat Machinery Manufacturers Limited and its subsidiary

The attempted acquisition of substantial stake in your company by Gujarat Machinery Manufacturers Limited is the subject matter of litigation in the Bombay High Court and the Company Law Board.

Acknowledgements

Your Directors wish to express their grateful appreciation for the assistance and co-operation received from Andhra Bank, IDBI, Customers and Suppliers.

Cordial relations prevailed during the year with all the employees. Your Directors wish to place on record their deep sense of appreciation of the valuable work done and co-operation extended by them at all levels.

Your Directors also wish to express their gratitude to investors for the continued faith reposed by them in the Company.

By Order of the Board

Place: Hyderabad
Date: 28th August, 1999

T. Panduranga Rao
Chairman

N I L E L I M I T E D

AUDITORS' REPORT

To

The Shareholders of NILE Limited
Hyderabad.

We have audited the attached Balance Sheet of NILE Limited, Hyderabad as at 31st March, 1999 and also the annexed the Profit and Loss Account of the Company for the year ended on that date, and report that:

1. 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.
2. 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.
3. The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the Books of Account.
4. In our opinion, the Profit and Loss Account and Balance Sheet read with the notes thereon comply with the accounting standards referred to in sub-section 3 C of Section 211 of the Companies Act, 1956.
5. In our opinion and to the best of our information and according to the explanations furnished to us, the accounts read with the notes thereon give the information as required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - i) In the case of Balance Sheet of the State of affairs of the Company as at 31st March, 1999.
 - and
 - ii) In the case of Profit and Loss Account of the Profit for the year ended on that date.

6. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate, we report hereunder on the matters specified in paragraph 4 and 5 of the said order:

- i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management. There is annual verification of fixed assets, which in our opinion, is reasonable having regard to the size of the Company and nature of assets. No discrepancies have been noticed on such verification.
- ii) None of the Fixed Assets have been revalued during the year.
- iii) The stocks of finished goods, stores, spare parts and raw materials have been physically verified during the year by the management. In our opinion, the frequency of the verification is reasonable.
- iv) The procedure of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.



- v) The discrepancies noticed on verification between the physical stocks and the book records were not material.
- vi) On the basis of our examination of stock records, in our opinion, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceeding year.
- vii) As per the information and explanations given to us, the Company has not taken any loans secured or unsecured from companies, firms or other parties listed in the register maintained under Section 301. We were informed that there are no Companies under the same management as defined in section 370 (1-B) of the Companies Act, 1956.
- viii) In our opinion, the rate of interest and other terms and conditions on which and advances give to a company in which directors interested are not prima facie, prejudicial to the interest of the Company.
- ix) Parties to whom loans or advances in the nature of loans have been given by the Company are repaying the principal and interest as stipulated.
- x) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipment and other assets and with regard to the sale of goods.
- xi) In our opinion and according to the information and explanations given to us, the transaction of purchases of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the registers maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000/- or more in respect of each party, have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials and services.
- xii) As explained to us, the Company has a regular procedure for determination of unserviceable or damaged stores, raw materials and finished goods and adequate provision has been made in the accounts for the items so determined.
- xiii) In our opinion and according to the information and explanations given, the Company has complied with the provisions of section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to deposits accepted.
- xiv) In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable scrap. The Company has no by-products.
- xv) The company has an internal audit system commensurate with the size of the Company and the nature of its business.
- xvi) As per the information given by the company, the Central Government has not prescribed under section 209 (1) (d) of the Companies Act, 1956, the maintenance of cost records for the products of the Company.
- xvii) According to the records of the Company, Provident Fund and Employees State Insurance dues have been regularly deposited during the year with the appropriate authorities.