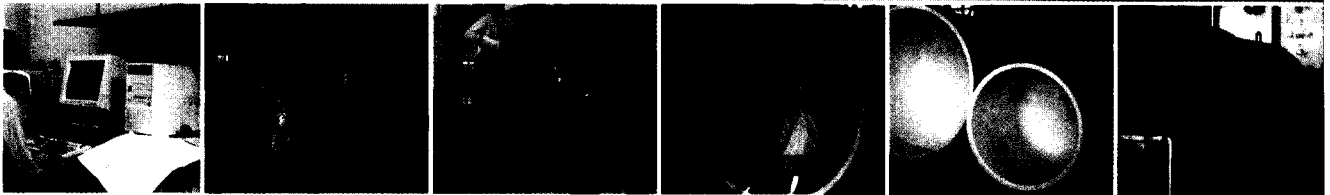
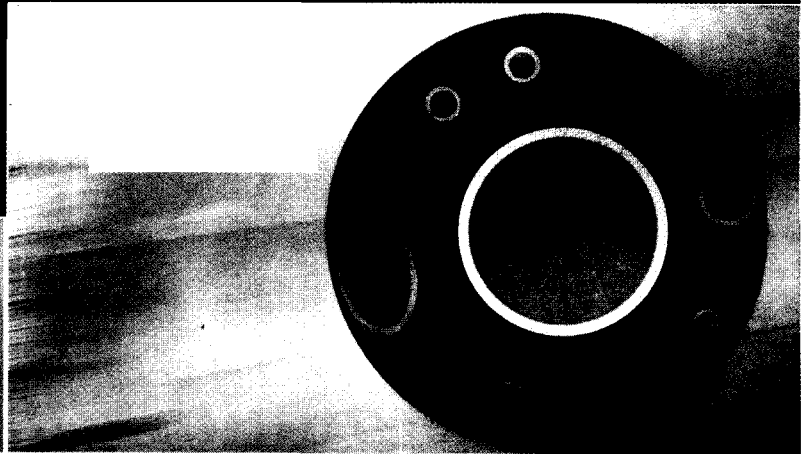


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**MEETING NEEDS..  
SETTING STANDARDS...**



**SURPASSING EXPECTATIONS.**

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## **ANNUAL REPORT 2003**



**N I L E  
L I M I T E D**  
An ISO 9001 Company

1987 : Commenced manufacture of Glass Lined Equipment.

1995 : Started manufacture of **Pressure Vessels**.

: Started manufacture of **Stainless Steel Glass Lined Equipment**.

1996 : Started manufacture of Glass lined **Bend Leaf Agitators**.

: Started manufacture of Glass Lined **Conical dryers**.

1997 : Quality System approved to be in accordance with ISO 9001.

: Received technology for design & manufacture of Glass Lined **Agitated Nutsche Filter**, from **COMBER, Italy**.

1998 : Awarded Safety Quality licence for manufacture of Pressure Vessels by the Ministry of Labour, People's Republic of China.

: Exported Glass Lined components to Malaysia.

: Exported Pressure Vessels to Singapore and China.

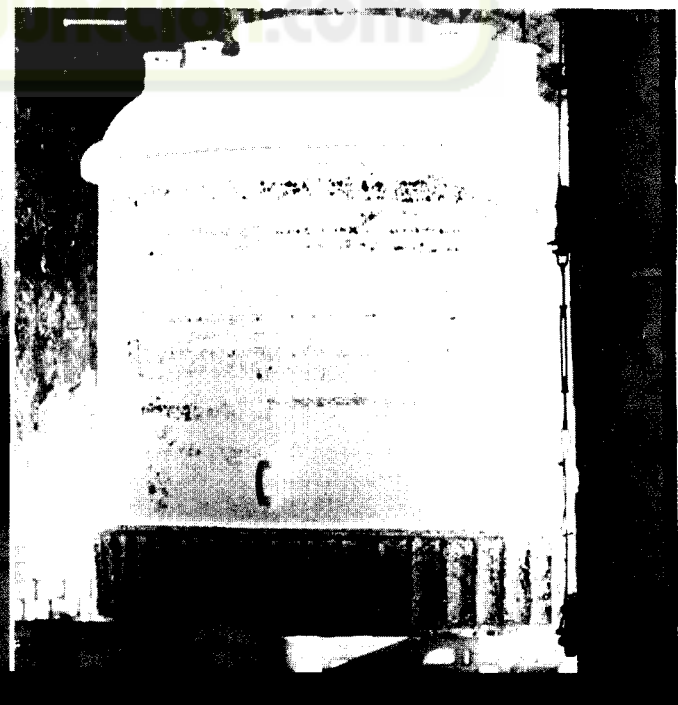
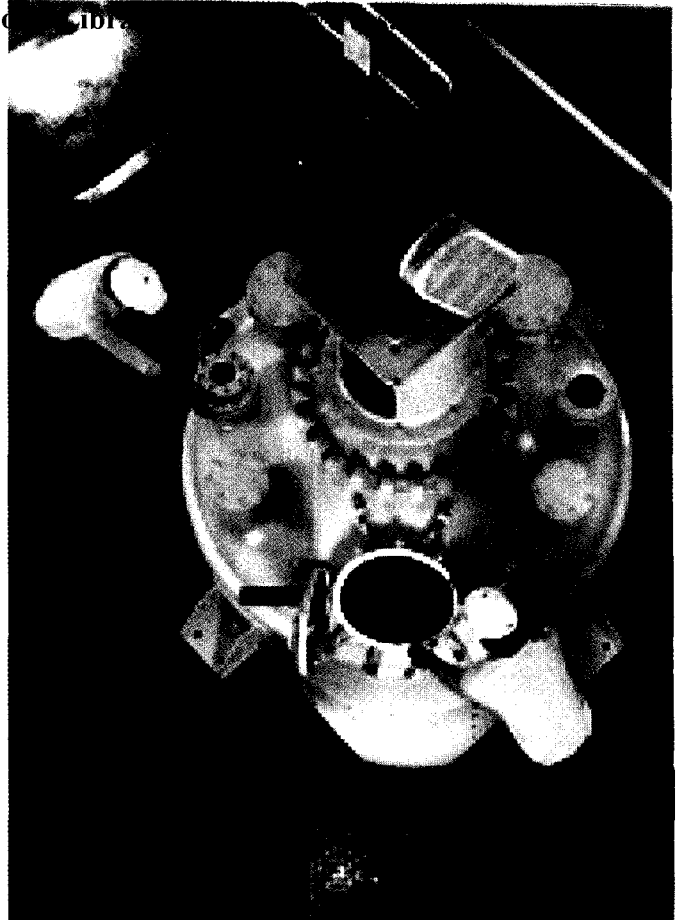
1999 : Established Non-Ferrous division. A 3000 TPA Lead recycling plant, based on eco-friendly process developed in-house, set up 60 km from Hyderabad. Products include: **Pure Lead** ( >99.97 % purity), **Lead Alloys** for battery, ammunition and other applications. State-of-the-art O E S installed for finished alloy certification.

2001 : Exported Glass Lined equipment to Kuwait and Iran.

: Started manufacturing equipment to meet GMP requirements to facilitate approval by USFDA etc.,

#### Non-Conventional Energy

1995 : Installed 2 MW capacity Wind farm at Ramagiri, A.P. to generate power for captive consumption.



**BOARD OF DIRECTORS**

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

**COMPANY SECRETARY**

Sri D. Giridhar Reddy

**AUDITORS****M/s. Sarathy & Balu**

Chartered Accountants  
#12, Master Sai Apartments,  
Somajiguda, Hyderabad - 500 082.

**BANKERS****Andhra Bank**

Sultan Bazar Branch  
Hyderabad - 500 195.

**REGISTERED OFFICE****NILE Limited**

Industrial Estate, Nacharam,  
Hyderabad - 500 076.

**SHARE TRANSFERS AND REGISTRATION****NILE Limited**

Secretarial Department  
Industrial Estate, Nacharam  
Hyderabad - 500 076.

Phones : (40) 27173136  
(40) 27170829

**DEPOSITORY REGISTRAR****M/s. Venture Capital****& Corporate Investments Ltd.**

12-10-134 (MIG - 134), 2nd Floor  
Bharatnagar Colony,  
Hyderabad - 500 018.

Phones : (40) 23712250  
(40) 23712253

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Nineteenth Annual General Meeting of the Company will be held on Monday, the 7<sup>th</sup> day of July, 2003 at 10.00 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, consider and adopt the Profit and Loss Account for the financial year ended 31<sup>st</sup> March, 2003 and the Balance Sheet as on that date and the Report of the Directors and the Auditors thereon.
2. To declare Dividend for the year 2002-2003.
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 M.Ramaiah, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESS:**

6. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a special resolution.  
**"RESOLVED THAT** the Equity Shares of the Company be de-listed from Hyderabad Stock Exchange Limited in accordance with relevant laws, rules, regulations and guidelines (including statutory modification(s) or re-enactment(s) thereof for the

time being in force and as may be enacted hereafter) and subject to such approvals, permissions and sanctions from such authorities for compliance with such conditions and modifications as may be necessary for this purpose."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company (hereinafter referred to as "the Board") be and is hereby authorised to seek voluntary de-listing without giving an exit option to the shareholders at such time as they may, in absolute discretion, consider appropriate on the terms and conditions as may be stipulated and in the best interests of the Company, to take all necessary steps in this regard and to do all such acts, deeds, matters and things as it may deem necessary, proper or desirable and to settle any questions, doubts or issues that may arise in regard to de-listing of the Equity Shares and to execute all such deeds, documents, writings as may be necessary, desirable or expedient and for this purpose to delegate authority and duty vested in it by virtue hereof to the Whole-Time Director or any other person whom the Whole-Time Director may consider suitable to do various acts and things required to be done in this behalf."

By Order of the Board

For NILE LIMITED

Place: Hyderabad

Date: 27.05.2003

D.Giridhar Reddy

Company Secretary

**EXPLANATORY STATEMENT UNDER SECTION  
173(2) OF THE COMPANIES ACT, 1956**

The Equity Shares of the Company are listed on Hyderabad and Mumbai Stock Exchanges. They are traded in the Stock Exchanges compulsorily in demat mode with effect from May 28, 2001. Consequent to the rapid technological changes in the trading system at Stock Exchanges, substantial volume of trading has taken place only through Mumbai Stock Exchange (BSE). The trading volume at the Hyderabad Stock Exchange has been negligible for almost 3 years. Your Directors are of the View that no particular benefit is available to the shareholders of the Company by continuing the listing of the shares on this Stock Exchange. Such de-listing will also not affect trading facilities of the shareholders of the Company in view of the dematerialisation of shares, listing of shares at BSE and availability of on-line trading at Hyderabad. The Company is therefore, contemplating the possibility of de-listing its shares from the aforesaid Stock Exchange without giving an exit option to the shareholders, as the securities of the Company will continue to be listed at Mumbai Stock Exchange. None of the Directors of the Company is in any way, concerned or interested in the said resolution. Your Directors, therefore, recommend the resolution to be passed as a special resolution.

Brief profile of Sri M.Ramaiah, Director, who retires by rotation and is eligible for re-appointment:

Sri M.Ramaiah, aged 55 years, is a Postgraduate in commerce and has more than 30 years experience in the Industry. He was Director (Finance) of the Company till September 1999, and was inducted as a Non-Executive Director in 1999.

By Order of the Board  
For NILE LIMITED

Place: Hyderabad

D.Giridhar Reddy

Date: 27.05.2003

Company Secretary

**ADDITIONAL INFORMATION  
RESOLUTION NOS.3 & 4**

**Brief profile of Dr.M.R.Naidu, Director,  
who retires by rotation and is eligible  
for re-appointment:**

Dr.M.R.Naidu, aged 69 years, is a graduate in Mechanical Engineering from Andhra University. He has 30 years' rich experience in various fields. He worked as Executive Director of BHEL for a period 8 years, Chairman and Managing Director of BHPV for 5 years and as Chairman of HMT for 5 years.

**DIRECTORS' REPORT**

To

The Members,

Your Directors take pleasure in presenting the 19<sup>th</sup> Annual Report on the operations of your Company and the Audited Accounts for the financial year ended 31<sup>st</sup> March, 2003, together with the Auditors' Report thereon.

**FINANCIAL RESULTS OF THE COMPANY:**

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

(Rs.in lakhs)

Particulars	2002-2003		2001-2002	
Sales		3132.76		2659.83
Other Income		5.45		9.10
Profit before interest and depreciation and prior period adjustments		315.40		267.38
Less: Interest	116.33		121.87	
Depreciation	142.20		115.53	
Profit before tax and prior period adjustments		56.87		29.98
Add/ (Less): Prior period adjustments		0.15		(9.02)
Less: Provision for taxation		4.75		2.29
Profit after tax		52.27		18.67
Add: Deferred tax asset		20.72		—
Add: Surplus/(Deficit) Brought forward from previous year		(10.74)		(29.41)
Profit available for appropriation		62.25		—
<b>Appropriations:</b>				
General Reserve		2.00		—
Proposed Dividend		30.02		—
Tax on Proposed Dividend		3.85		—
Balance carried over to Balance Sheet		26.38		(10.74)

Note: Previous year's figures are regrouped wherever necessary.



**DIVIDEND:**

The Board of Directors recommend for your consideration a dividend on equity shares at 10% (Rs.1.00 per equity share) for the year ended March 31,2003. The total amount of out go on account of these will be Rs.30.02 lakhs towards dividend and Rs.3.85 lakhs towards tax on dividend.

**OPERATIONS:**

The Glass Lined equipment demand has shown substantial growth during the year 2002-03. Your Company's Value of Sales for Glass Lining increased to Rs.1728 lakhs from Rs.1339 lakhs for the previous year indicating a growth of 29%. The Volume of Sales, however increased by 54% indicating a sharp drop in sales realisation. The margins continued to be under pressure. The unit, however, contributed to profits due to high turnover.

The Capacity utilization of the Lead Unit has been maintained at 90% (previous year 87%) with greater volume for direct sales at 2617 MT (previous year 2271 MT). The international Lead prices, however, experienced high volatility, which impacted the domestic prices of Pure Lead and Lead Alloys resulting in a sharp dip in price realisation. Though direct sale of Lead and Lead Alloys showed a growth of 15%, the turnover increased only by 4.5%.

The Windfarm at Ramagiri continues to generate power at a reasonable efficiency. Your Company entered into a PPA with APTRANSCO in May, 2002,

whereby the complete energy generated is sold to APTRANSCO. Till April 2002, the entire energy generated was used for captive consumption at the Glass Lining unit. The Windfarm unit continues to contribute to the profits of the Company.

**CORPORATE GOVERNANCE:**

The Company has complied with all mandatory provisions of Corporate Governance as prescribed under Clause 49 of the Listing Agreement. A report on Corporate Governance, along with the certificate on its compliance from the Auditors forms part of this report.

**QUALITY SYSTEM:**

Your Company's certificate for the Nacharam unit quality systems under ISO 9001 continues to be valid.

**CONSERVATION OF ENERGY:**

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

**TECHNOLOGY ABSORPTION:**

Your Company has fully absorbed the Technology of its technical collaborations with Hakko Sangyo Company Limited, Japan and Comber Costruzioni Meccaniche, Italy.

**FOREIGN EXCHANGE EARNING AND OUTGO.**

(Amount in Rupees)

	2002-2003	2001-2002
a) Foreign Exchange earnings on exports	56,64,964	1,84,42,084
b) Foreign Exchange used on account of :		
i) Foreign Travel	29,460	84,490
ii) CIF value of imports of raw material & others	5,09,71,637	3,65,50,134

**DIRECTORS:**

Pursuant to provisions of Section 256 of the Companies Act, 1956, Dr.M.R.Naidu and Sri M. Ramaiah will retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

**DEPOSITS:**

The Company has not accepted any deposits from the public during the year under review.

**AUDITORS:**

Your Company's Auditors M/s. Sarathy & Balu, Chartered Accountants, 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(1B) of the Companies Act, 1956.

**PARTICULARS OF EMPLOYEES:**

The information to be disclosed pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the rules framed thereunder is Nil for the year.

**TAKEOVER BID BY GUJARAT MACHINERY MANUFACTURERS LIMITED AND ITS SUBSIDIARIES:**

The Honourable Company Law Board upheld the decision of your Directors not to transfer the shares acquired by Gujarat Machinery Manufacturers Limited and its subsidiaries. Gujarat Machinery Manufacturers Limited and its subsidiaries filed appeals in Honourable Andhra Pradesh High Court against the judgment of the Company Law Board. The Learned Judge had in his Common Judgement remanded the appeals to the Company Law Board for review. Your Company filed an appeal (LPA) against the Common Judgement passed by the single Judge, which is still pending before a Division Bench of the Andhra Pradesh High Court.

**DISCLOSURE AS PER LISTING AGREEMENT:****Clause 32:**

The cash flow statement in accordance with Accounting Standard and cash flow statement (AS-3) issued by ICAI is appended to this Annual Report.

**Clause 43A:**

The Company's shares are listed on The Hyderabad Stock Exchange Limited, 6-3-654, Somajiguda, Hyderabad - 500 082; and The Stock Exchange, Mumbai, P.J.Towers, Dalal Street, Fort, Mumbai. The annual listing fees to both the Stock Exchanges for the year 2003-04 have been paid.

**VOLUNTARY DE-LISTING FROM HYDERABAD STOCK EXCHANGE:**

The Equity Shares of your Company, which are under Compulsory Demat, are presently listed on Hyderabad and Mumbai Stock Exchanges. Mumbai Stock Exchange is accessible for on-line trading across the Country. As explained in the Explanatory Note to item no.6 of the notice of the Annual General Meeting, there has been "nil" trading in the Hyderabad Stock Exchange for almost 3 years. In view of this, the Company proposes to voluntarily de-list from the said Stock Exchange without giving an exit option to the shareholders. The interests of the shareholders in the said region will not be affected adversely as the on-line services of the Mumbai Stock Exchange are available at Hyderabad.



**RESPONSIBILITY STATEMENT:**

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- i. In the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
- ii. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31<sup>st</sup> March, 2003 and of the profit and loss of the Company for that period.
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. The Directors have prepared the accounts on a going concern basis.

the employees. Your Directors wish to place on record their deep sense of appreciation for 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.

For and on behalf of the Board

Place: Hyderabad

V. Ramesh

Date: 27.05.2003

Managing Director

**INDUSTRIAL RELATIONS:**

Your Company has had harmonious industrial relations throughout the year under review at all levels of the organization, and would endeavor to maintain this cordial relationship.

**ACKNOWLEDGEMENTS:**

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

Cordial relations prevailed during the year with all

**ANNEXURE TO DIRECTORS' REPORT****A. MANAGEMENT DISCUSSION AND ANALYSIS****INDUSTRY STRUCTURE AND DEVELOPMENT:**

Glass Lined Equipment, Lead and Lead Alloys and Wind Energy are the three main divisions of the Company. The Glass Lined Equipment is primarily used in Pharmaceutical, specialty chemicals, agro chemicals and other processing industries. Lead and Lead Alloys are mainly supplied to Ordnance Factories (Ministry of Defence), battery industry, plastic stabilizers and metal oxide manufacturers. Wind energy generated is sold to APTRANSCO.

**SEGMENT-WISE PERFORMANCE:**

The operational and financial performance of the three segments are as follows:

**(Rs.in lakhs)**

SEGMENT	TURNOVER	PROFIT BEFORE INTEREST & TAX
Glass Lining	1995.67	184.28
Lead	1044.21	(75.45)
Wind Energy	92.88	70.46

**OUTLOOK:**

For the Glass Lining unit, the Company has an order book position of Rs. 511.53 lakhs as on April 01, 2003 as against Rs. 246.02 lakhs on April 01, 2002. The market demand for Glass Lined equipment industry continues to be promising and your Company expects to maintain the improved market share. The bulk drug manufacturing industry, one of the major customers for Glass Lined equipment has grown substantially over the last 2-3 years and is expected to maintain the growth rate given the investments by the big players of the bulk drug industries. Your Company has established a name for itself as a quality supplier.

While the market demand for Lead and Lead Alloys is substantial, the volatility in the prices of Pure Lead is of concern. India imports more than 75,000 tons of Lead and Lead Alloys every year to meet the requirements of batteries, plastic stabilizers and other consumer industries in the metal and alloys. Your Company has taken steps to identify alternative sources of raw material to bring down the cost of production.

**OPPORTUNITIES AND THREATS:**

In the Glass Lining industry, the growth and demand from the bulk drug manufacturers, a sector, which has shown the best performance in the Indian industrial scenario, continues to be an opportunity to exploit. Substantial investments for new projects indicate a promising opportunity for the Glass Lining industry. Exports of Glass Lined equipment is one area which has not been sufficiently exploited and the trend of exports of your Company over the last 2 years does indicate an opportunity, it would like to encash based on the feedback received from the customers on the quality of the equipment supplied by the Company.

In the case of Lead and Lead Alloy industry, the domestic demand is an opportunity that can be exploited to obtain higher volumes in operation. The Ordnance Factories and other customers have identified your Company as a reliable and quality supplier and the new product enquiries from them are welcome indications to the future opportunities.

Since the major customers are in the pharmaceutical and bulk drug industries, Government policy affecting pharmaceutical, bulk drug and even agro chemical industries affect the Company's prospects. Since the export of Glass Lined equipment requires obtaining export licence from the DGFT as Glass Lined equipment is identified under "SCOMET", licencing requirements, Government policies and delays in issue of licence