

## 24<sup>th</sup> Annual Report 2007- 08


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For NILE LIMITED

  
Managing Director

**NILE  
LIMITED**


**N I L E  
L I M I T E D**
**BOARD OF DIRECTORS**


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**Sri T. Panduranga Rao**
*Chairman*
**Sri V. Ramesh**
*Managing Director*
**Dr. M.R. Naidu**
**Sri M. Ramaiah**
**Sri S.V. Narasimha Rao**
**Sri D. Seshagiri Rao**
**Sri V. Ashok**
**Senior Management:**
**Sri V. Sridharan**
*Chief Operating Officer (Glass Lining Division)*
**Sri K.V. Ramana**
*Chief Operating Officer (Non-Ferrous Division)  
& Chief Financial Officer*
**COMPANY SECRETARY**
**Sri T.V. Satish Babu**
**REGISTERED OFFICE**
**NILE Limited,**

Road No: 7,

Industrial Estate, Nacharam,

Hyderabad - 500 076.

Phones: 2717 3136/2717 4341/2717 4342

E-mail: legal@nilelimited.com

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

Chartered Accountants,

# 12 Master Sai Apartments,

Somajiguda, Hyderabad - 500 082.

**BANKERS**
**Andhra Bank**

Sultan Bazar Branch,

Hyderabad - 500 195.

**INTERNAL AUDITORS**
**M/s. Manohar Chowdhry & Associates**

Chartered Accountants

204A, Concourse Complex,

7-1,58, Green lands Road,

Hyderabad- 500 016

**SHARE TRANSFERS AND DEPOSITORY  
REGISTRARS**
**M/s.XL Softech Systems Ltd.**

3, Sagar Society,

Road No.2, Banjara Hills,

Hyderabad - 500 034.

Phones : (40) 23545913/14/15

Fax : (40) 23553214



## NOTICE

Notice is hereby given that the Twenty Fourth Annual General Meeting of the Company will be held on Tuesday, the 30th September 2008 at 10.30 A.M at J.S. Krishna Murthy hall of the Federation of Andhra Pradesh Chambers of Commerce & Industry, Federation House, Red Hills, Hyderabad- 500 004, to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the financial year ended 31st March, 2008 and the Balance Sheet as on that date and the Report of the Directors and the Auditors thereon.
2. To confirm interim dividends, and declare a final dividend.
3. To appoint a Director in place of Sri M. Ramaiah, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. M. R. Naidu, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, the retiring auditors M/s. Sarathy & Balu, Chartered Accountants, be and is hereby re-appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on a remuneration to be decided by the Board of Directors."

### SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** Sri V. Ashok who was appointed as an Additional Director of the Company by the Board of Directors with effect from 26th July, 2008 pursuant to Article 124 of the Articles of Association of the Company, and who holds office up to the date of the forthcoming Annual General Meeting under Section 260 of the Companies Act, 1956,

being eligible for re-appointment, and in respect of whom the Company has received a notice together with the required deposit under Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, liable to retire by rotation."

7. 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 Sections 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, Sri V. Ramesh, Managing Director in wholetime employment of the Company, be and is hereby re-appointed for a period of five years with effect from 26.07.2008, on a remuneration and the terms and conditions as set out in the explanatory statement annexed to the notice calling this Annual General Meeting."

**"RESOLVED FURTHER THAT** in the event of loss or inadequacy of profits in any financial year of the Company during the period of his office as Managing Director, the remuneration and perquisites set out above with the exception of commission be paid to Sri V. Ramesh as minimum remuneration stipulated in Schedule XIII of the Companies Act, 1956, including any statutory modification(s) or re-enactment(s) thereof."

8. 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 and other applicable provisions of the Companies Act, 1956, the Articles of Association of the Company be and are hereby amended in the manner and to the extent hereinafter set out":

- i. The existing Article 128 to Article 130 be substituted with the following new Article 128 to Article 130:

128. (a) The sitting fee of every non-executive director shall, for every meeting of the Board or Committee of directors attended by him, be such amount as may be fixed by the directors, and in accordance with the limits as may be prescribed or permitted by law or by

the Central Government from time to time. Notwithstanding anything contained in this article, the directors may, at their absolute discretion, resolve to waive or forego a part or the whole of the remuneration payable to one or more of them under this article.

(b) The non-executive directors shall also be paid, in addition to the fee for attending meetings of the Board and Committee, a fair compensation to cover their traveling, lodging, boarding, and other expenses incurred by them in the process of attending the meetings of the Board or Committee.

129 (a) Subject to the provisions of Sections 309, 310 & 314 of the Act, the non-executive directors shall also be paid such further remuneration, if any, as the Company in General Meeting may determine from time to time, by special resolution, and such further remuneration shall be divided among the said non-executive directors in such proportion and manner as the said non-executive directors agree among themselves from time to time, and in the absence of any such agreement, in proportion to their respective attendance at the Board meetings during the year preceding the General Meeting.

(b) Subject to the provisions of Sections 309, 310 & 314 of the Act, if any director being willing and shall be called upon to leave and reside away from his usual place of residence on the Company's business, or to perform extra services (which expression shall include the work done by a director in signing certificates or shares or debentures issued by

the Company, or work done by him as a member of any Committee appointed by the directors in terms of these articles), the directors may arrange with such a director for special remuneration for the extra services performed either by way of salary or commission or by the way of participation in profits or by a fixed sum of money.

130. (a) The remuneration of the Managing Director/Wholetime Directors shall be determined by way of a resolution by the members of the Company, and is subject to the provisions of the Companies Act, 1956.

(b) The Managing Director/Wholetime Director shall be entitled to be re-paid any traveling and other expenses incurred in connection with the business of the Company.

- ii. The existing Article 146 be deleted.
- iii. The existing Article 173 be substituted with the following new Article 173:

173. Dividends shall be paid in accordance with the provisions of the Companies Act, 1956 or any statutory modification(s) or re-enactment(s) thereof, and in respect of unpaid dividends, the provisions of Section 205-A of the Act shall apply.

By Order of the Board  
For NILE LIMITED

Place: Hyderabad  
Date : 26.07.2008

T.V. Satish Babu  
Company Secretary


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**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF ON POLL. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. An explanatory statement pursuant to Section 173 of the Companies Act, 1956, relating to the Special Business to be transacted at the meeting is annexed hereto.
3. Proxies, in order to be effective, should be received by the Company at its Registered Office not less than 48 hours before the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 23rd September, 2008 to 30th September, 2008. (both days inclusive).
5. The Dividend on equity shares as recommended by the Board of Directors, if declared at the ensuing Annual General Meeting, will be payable to those members whose names appear on the Company's Register of Members on 22nd September, 2008. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by NSDL & CDSL for this purpose, as on that date.
6. Members holding shares in physical form are requested to notify immediately any change in their address to the Registrars & Share Transfer Agents, namely M/s. XL Softech Systems Ltd., 3, Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500 034. Members holding shares in electronic form may intimate any such changes to their respective Depository Participants (DPs).
7. Brief resumes of the Directors are given in the Corporate Governance Report annexed to the Directors' Report.

By Order of the Board  
For NILE LIMITED

Place: Hyderabad  
Date : 26.07.2008

T.V. Satish Babu  
Company Secretary

**ANNEXURE TO NOTICE**
**Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.**
**Item No. 6- Appointment of Sri V. Ashok as a Director:**

Sri V. Ashok, aged about 47 years, was co-opted as an Additional Director on the Board of the Company with effect from 26th July, 2008. A brief resume is given in the Corporate Governance Report annexed to the Directors' Report.

Pursuant to Section 260 of the Companies Act, 1956 read with the Articles of Association of the Company, Sri V. Ashok will hold office only up to the date of Twenty Fourth Annual General Meeting of the Company.

Your Company has received a notice in writing along with the deposit of Rs. 500/- from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose Sri V. Ashok as a candidate for the office of Director.

The Board recommends the necessary resolution for your approval. None of the Directors of the Company except Sri V. Ashok is concerned or interested in the resolution.

**Item No. 7- Re-appointment and revision in the remuneration payable to Sri V. Ramesh, Managing Director:**

Sri V. Ramesh, is the promoter Director of the Company. He has a B. Tech from IIT Madras, M.S. from the University of Wisconsin, and MBA from the University of Toronto. He has over 33 years of experience in related fields in different capacities.

As Managing Director, he is the CEO of the Company, responsible for overall functioning of the organization. His last appointment was made for a period of 5 years with effect from 01.06.2005. The Board has decided to re-appoint Sri V. Ramesh for a period of five years with effect from 26th July, 2008, as recommended by the Remuneration Committee.

The following are the terms and conditions of his remuneration, payable with effect from 26th July, 2008, which are in conformity with the Schedule XIII of the Companies Act, 1956, and are subject to approval of the members:

1. Salary : Rs. 2,00,000/- per month (Rupees Two lakhs only)
2. Commission: 2% of the net profits of the Company.
3. Perquisites : Perquisites will be added to salary and will be subject to the condition that the monetary value of those under Part A shall be restricted to an amount equal to the annual salary.

**Part A****1. Housing I**

The expenditure incurred by the Company on hiring unfurnished accommodation will be subject to the ceiling of 50% of salary, over and above 10% payable by the Managing Director.

**Housing II**

In case accommodation is owned by the Company, 10% of the salary of the Managing Director shall be deducted by the Company.

**Housing III**

In case no accommodation is provided by the Company, the Managing Director shall be entitled to house rent allowance subject to the ceiling laid down in Housing I.

The expenditure incurred by the Company on gas, electricity, water, and furnishings will be valued as per the Income Tax Rules, 1962. This will however be subject to a ceiling prescribed under the Rules.

2. Medical reimbursement : Expenses Incurred for self and family subject to a ceiling of one month's salary in a year or five months' salary over a period of five years.
3. Leave Travel Concession : For self and family once in a year subject to a maximum of one month's salary.
4. Club fees : Fees of clubs subject to a maximum of two clubs, admission and life membership fees not being allowed.
5. Personal Accident Insurance : Premium for 60 months' basic salary, as per the prevailing rates.
6. Mediclaim Policy : Premium as per the amount allowed under IT Rules per annum for self and family.

**PART B**

Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these, either singly or put together are not taxable under the Income Tax Act, 1961. Gratuity will be limited to 15 days salary for each completed year of service.

**PART C**

Provision of (i) car with driver and (ii) telephone at residence. Personal long distance calls on telephone, and use of car for private purposes shall be billed by the Company to the Managing Director.

The remuneration aforesaid including the benefits and amenities, but with the exception of the commission payable on Net Profits, be paid and allowed as minimum remuneration for any year even in the event of loss or inadequacy of profits, though it exceeds the ceiling limit prescribed in Sections 198 and 309 of the Companies Act, 1956.

The Board recommends the resolution for the approval of the Members.

None of the Directors of the Company, except Sri V. Ramesh, 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. Ramesh, pursuant to Section 302 of the Companies Act, 1956.

**Item No. 8- Approval to amend the Articles of Association:**

It is considered desirable to amend some Articles of Association of the Company in view of prevailing Corporate Governance practices, and to conform to the Companies Act, 1956. Accordingly, the resolution for amending/deleting the relevant Articles is recommended for approval of shareholders.

None of the Directors is interested in the resolution.

By Order of the Board  
For NILE LIMITED

Place: Hyderabad  
Date : 26.07.2008

T.V. Satish Babu  
Company Secretary


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## DIRECTORS' REPORT

To  
The Members,

Your Directors take pleasure in presenting the 24th Annual Report on the operations of your Company and the Audited Accounts for the financial year ended 31st March, 2008, together with the Auditors' Report thereon.

### FINANCIAL RESULTS:

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

(Rs. in lakhs)

Particulars	2007-08	2006-07
Net Sales	11529.50	8046.28
Other Income	28.09	82.92
Profit before interest and depreciation and prior period adjustments	1535.30	874.89
Less: Interest	328.89	230.92
Depreciation	114.68	108.53
Profit Before Tax	1091.73	535.44
Less: Provision for tax - Regular Tax	445.42	178.98
- Deferred Tax (asset)/liability	(2.42)	7.11
- Fringe Benefit Tax	3.00	2.95
Profit/(Loss) after tax for the year	645.73	346.40
Add/Less: Surplus/(Deficit) in P&L Account brought forward	428.51	221.13
Amount available for appropriation	1074.24	567.53
<b>Appropriations:</b>		
Transfer to General Reserve	72.00	35.00
Interim Dividend paid on equity shares	90.05	45.03
Income Tax on Dividend paid	15.31	6.31
Proposed Dividend on equity shares	30.02	45.03
Income Tax on Dividend	5.10	7.65
Surplus/(Deficit) carried to Balance Sheet	861.76	428.51
	1074.24	567.53

### DIVIDEND:

Your Directors have pleasure in recommending a final dividend of 10% (Rs.1.00 per share) for the year 2007-08. This, taken with the two interim dividends of 30% (Rs. 3.00 per share) already declared and paid, brings the total dividend for the year to 40% (Rs. 4.00 per share).

### OPERATIONS:

Operations of the Company's three divisions for the year under review were as follows

### GLASS LINING:

This year, the Glass Lining division recorded sales of Rs. 3836 lakhs as against Rs.3449 lakhs in the previous year, which is an increase of 10% in value.

### LEAD DIVISION:

The sales turnover recorded a growth of 69% from Rs. 4505 lakhs to Rs 7609 lakhs in the year 2007-08. A major contribution to the profit for the year 2007-08 has come from Lead division.



**WIND MILLS:**

The entire energy generated at Ramagiri was sold to Andhra Pradesh Power Coordination Committee, and the total revenue was Rs 84 lakhs as against Rs. 92 lakhs in the previous year.

The combined turnover of the Company, thus, was Rs. 11529 lakhs for the year under review as against Rs. 8046 lakhs for the previous year, recording a 43% growth and resulting in a profit before tax of Rs. 1092 lakhs as against Rs. 535 lakhs in the previous year.

**CORPORATE GOVERNANCE:**

Your Company has complied with all provisions of Corporate Governance, as required 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 certificates for Quality Systems under ISO 9001 for the Glass Lining and Lead Divisions continue to be valid.

**CONSERVATION OF ENERGY:**

- (i) Your Company continues to explore all possible avenues to reduce energy consumption.
- (ii) As your Company is not covered in the Schedule to the Companies (Disclosures of particulars in the report of the Board of Directors) Rules, 1988 read with Section 217(1)(e) of the Companies Act, 1956, the details under Form 'A' are not required to be furnished.

**TECHNOLOGY ABSORPTION:**

The agreement with Hakko Sangyo for special purpose Glass Lining has been terminated by mutual consent.

**PROPOSED EXPANSION:**

Your Company has obtained environmental clearance for setting up a 20000 MT Lead re-cycling unit near Tirupati. The construction activities of the project are going on at a brisk pace, and the unit is expected to commence production during the second half of 2008-09.

Your Company has also entered into a Joint Venture agreement for setting up a factory in the Republic of Georgia for manufacture of Pure Lead and Alloys through re-cycling of Lead Acid Batteries and other Lead scrap. The project will facilitate availability of raw materials at a concessional price, on a continuous basis.

**FOREIGN EXCHANGE EARNINGS AND OUTGO:**

(Amount in Rupees)

	2007-08	2006-07
a) Foreign Exchange earnings on exports	4,07,65,114	3,99,06,694
b) Foreign Exchange used on account of:		
i) Foreign Travel	4,70,866	2,02,923
ii) CIF value of imports of raw material & others	51,37,82,043	30,09,25,755
iii) Commission on Sales	3,16,172	19,33,342
iv) Dividend related to previous year	1,30,891	3,85,533
v) Interim Dividend 2007-08	1,74,522	-

**DIRECTORS:**

Sri V.S. Prasad, a Director of the Company for more than a decade, passed away recently. Your Board of Directors place on record their sincere appreciation of the contribution made by Sri Prasad during his tenure in the Board.

Sri V. Sridharan and Sri K.V. Ramana, Wholetime Directors, submitted their resignations from the Board for administrative reasons, but will continue in the services of the Company in wholetime so as to devote their complete attention to the respective divisions

Your Directors would like to place on record their appreciation of the valuable services rendered by Sri V. Sridharan and Sri K.V. Ramana during their tenure as Directors of the Company.

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

**DEPOSITS:**

Your Company has accepted fixed deposits during the year, and complied with all the statutory provisions. The outstanding deposits as on 31.03.2008 amount to Rs. 46 lakhs, which include Rs.26 lakhs from related parties.

**AUDITORS:**

Your Company's auditors M/s. Sarathy & Balu, Chartered Accountants, retire at the conclusion of the forthcoming





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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 annexed and forms part of this report.

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

There has been no substantial development in this matter since the last AGM.

#### **DISCLOSURE AS PER LISTING AGREEMENT:**

##### **Clause 32:**

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

##### **Clause 43A:**

Your Company's shares are listed on the Bombay Stock Exchange Ltd., Mumbai, P.J. Towers, Dalal Street, Fort, Mumbai. The annual listing fee for the year 2008-09 has been paid.

#### **RESPONSIBILITY STATEMENT:**

In pursuance of the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors state that:

- i. the applicable accounting standards have been followed in the preparation of the annual accounts.

- ii. they 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 for the financial year ending 31st March, 2008, and of the profit of the Company for that period.
- iii. they had 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. they have prepared the accounts on a going concern basis.

#### **INDUSTRIAL RELATIONS:**

The industrial relations in the Company continue to be very cordial and stable. Your Directors would like to place on record the dedication and commitment of all the employees of your Company in achieving the good results.

#### **ACKNOWLEDGEMENT:**

Your Directors thank customers, vendors, investors and bankers for their continued support during the year, and also place on record their appreciation of the sincere contribution made by employees at all levels.

For and on behalf of the Board

Place : Hyderabad  
Date : 26.07.2008

**T. Panduranga Rao**  
Chairman

## ANNEXURE TO DIRECTORS' REPORT

Information as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) and forms part of Directors' Report for the year ended 31st March, 2008.

1. Name	Sri. V. Ramesh
2. Age (years)	59
3. Designation & nature of duties	Managing Director & overall control of the affairs of the Company
4. Gross remuneration	Rs. 32.59 lakhs
5. Qualifications	B. Tech from IIT Madras M.S. from the University of Wisconsin & MBA from the University of Toronto
6. Total experience	33 years
7. Date of commencement of employment	01.06.2005
8. Last employment	-

### Notes:

1. Remuneration, as shown above includes salary, commission and other perquisites, but does not include Company's contribution to provident fund and other funds.
2. Conditions of employment are contractual and other terms are governed by the Company rules.
3. Not relative of any Director of the Company.

For and on behalf of the Board

Place : Hyderabad  
Date : 26.07.2008

**T. Panduranga Rao**  
Chairman