



N I L E
L I M I T E D



27th Annual Report 2010-11

BOARD OF DIRECTORS :**Sri V. Ramesh***Chairman cum Managing Director***Sri Sandeep Ramesh***Executive Director***Sri S. V. Narasimha Rao****Dr. M. R. Naidu****Sri V. Ashok****Sri Satish Malladi****SENIOR MANAGEMENT :****Sri V. Sridharan***Chief Operating Officer (Glass Lining Division)***COMPANY SECRETARY :****Sri Bikram Keshari Prusty****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, Greenlands 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 27th Annual General Meeting of the Company will be held on Friday, the 30th day of September, 2011 at 10:00 A.M at J.S.Krishna Murthy Hall of the Federation of Andhra Pradesh Chambers of Commerce and Industry (FAPCCI), Federation House, FAPCCI Marg, Red Hills, Hyderabad - 500004, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011, and Profit and Loss Account for the year ended as on that date together with the Report of the Directors and the Auditors thereon.
2. To declare dividend for the year 2010-11.
3. To appoint a Director in place of Sri Satish Malladi, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

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

“RESOLVED THAT Sri Sandeep Ramesh, who was appointed as an Additional Director of the Company by the Board of Directors with effect from 14th August, 2011 pursuant to Article 124 of the Articles of Association of the Company, and who holds office up to the date of this Annual General Meeting under section 260 of the Companies Act, 1956, being eligible for 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.”

6. **To consider and, if thought fit, to pass with or without modifications(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 Sandeep Ramesh, who is in whole time employment of the Company, be and is hereby appointed as Executive Director of the Company with effect from 14th August, 2011, for a period of three years as per the following terms and conditions:

Salary	₹ 1,00,000/- per month (Rupees one lakh only)
Commission	1% of the net profits of the Company.
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:

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 Executive Director.
Housing II	In case accommodation is owned by the Company, 10% of the salary of the Executive Director shall be deducted by the Company.
Housing III	In case no accommodation is provided by the Company, the Executive 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.
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 Executive Director.

"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 Executive Director, the remuneration and perquisites set out above with the exception of commission be paid to Sri Sandeep Ramesh as minimum remuneration, subject to a maximum as stipulated in Schedule XIII of the Companies Act, 1956 including any statutory modification(s) or re-enactment(s) thereof."

7. To consider and, if thought fit, to pass with or without modifications(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, and in supersession of the earlier Special Resolution passed in the Annual General Meeting held on 30th September, 2008, Sri V. Ramesh be and is hereby re-appointed as Managing Director for a period of three years with effect from 14th August, 2011, as per the following terms and conditions:

Salary	₹ 2,50,000/- per month (Rupees two lakhs fifty thousand only)
Commission	2% of the net profits of the Company.
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:**

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 three months' salary over a period of three 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.

"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, subject to a maximum as stipulated in Schedule XIII of the Companies Act, 1956 including any statutory modification(s) or re-enactment(s) thereof."

By Order of the Board
For Nile Limited

Place : Hyderabad
Date : 14-08-2011

Bikram Keshari Prusty
Company Secretary

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. Proxies, in order to be effective, should be received by the Company at its Registered Office not less than 48 hours before the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 23rd September, 2011 to 30th September, 2011 (both days inclusive).
4. 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, 2011. 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.

5. 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 – 500034. Members holding shares in electronic form may intimate any such changes to their respective Depository Participants (DPs).
6. Brief resumes of the Directors are given in the Corporate Governance Report annexed to the Directors' Report.
7. Shareholders, who have not so far encashed the dividend warrant(s), are requested to seek revalidation of expired dividend warrant(s). Information in respect of unclaimed dividend and the last date for claiming the same are given below:

Dividend for the Year	Date of declaration	Last date for claiming
2004-05 : Interim	22-01-2005	21-01-2012
2004-05 : Final	04-06-2005	03-06-2012
2005-06: Final	19-06-2006	18-06-2013
2006-07 : Interim	30-01-2007	29-01-2014
2006-07 : Final	12-07-2007	11-07-2014
2007-08 : 1 st Interim	27-10-2007	26-10-2014
2007-08 : 2 nd Interim	30-04-2008	29-04-2015
2007-08 : Final	30-09-2008	29-09-2015
2009-10: Final	30-09-2010	29-09-2017

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

Item No.5: Appointment of Sri Sandeep Ramesh as a Director:

Sri Sandeep Ramesh is a commerce graduate from the Indian Institute of Management and Commerce, and holds a post graduate diploma in business management from the Indian School of Business. He joined your Company in June 2009 as General Manager, Non Ferrous Division. After his involvement in the business, your Company has achieved a record turnover during the Financial Year 2010-11. On 14th August, 2011, Sri Sandeep Ramesh was co-opted as an Additional Director on the Board of the Company.

Pursuant to Section 260 of the Companies Act, 1956, Sri Sandeep Ramesh will hold office up to the date of 27th Annual General Meeting of the Company.

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

The Board recommends the necessary resolution for your approval.

None of the Directors of the Company, except Sri Sandeep Ramesh and Sri V. Ramesh, is interested in the proposed resolution.

Item No.6: Appointment of Sri Sandeep Ramesh as Executive Director:

Sri Sandeep Ramesh being an employee of the Company, on appointment to the office of Director, is deemed to be an Executive Director of the Company.

The Board has decided to appoint him as Executive Director with effect from 14th August, 2011, and fix his remuneration, as recommended by the Remuneration Committee. The terms and conditions of his remuneration, payable with effect from 14th August, 2011, mentioned in the proposed resolution are in conformity with Schedule XIII of the Companies Act, 1956, and are subject to approval of the members.

The Board recommends the necessary resolution for your approval.

None of the Directors of the Company, except Sri Sandeep Ramesh and Sri V. Ramesh, is interested in the proposed resolution.

Information Pursuant to Schedule – XIII of the Companies Act, 1956 is annexed to the notice. (Annexure-1).

NOTE: The above may be treated as an abstract of the terms of appointment between the Company and Sri Sandeep Ramesh, pursuant to Section 302 of the Companies Act, 1956.

Item No. 7: Re-appointment of Sri V. Ramesh as 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 35 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 26th July, 2008. In view of the excellent progress achieved by the Company since then under his guidance, the Board has decided to re-appoint him, subject to the approval of the shareholders, for a period of three years with effect from 14th August, 2011, with revised remuneration as recommended by the Remuneration Committee, by superseding the earlier resolutions passed by the Board on 26th July, 2008, and corresponding Special Resolution passed in the Annual General Meeting held on 30th September, 2008.

The terms and conditions of his remuneration, payable with effect from 14th August, 2011, mentioned in the proposed resolution are in conformity with Schedule XIII of the Companies Act, 1956, and are subject to approval of the members.

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

None of the Directors of the Company, except Sri V. Ramesh and Sri Sandeep Ramesh, is concerned or interested in the resolution.

Information Pursuant to Schedule – XIII of the Companies Act, 1956 is annexed to the notice (Annexure-2).

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.

By Order of the Board
For Nile Limited

Place: Hyderabad
Date: 14-08-2011

Bikram Keshari Prusty
Company Secretary

Appointment of Sri Sandeep Ramesh as Executive Director: Information Pursuant to Schedule – XIII of the Companies Act, 1956:

I. General Information:
• Nature of industry:

Manufacture of Glass Lined Equipment, Recycling of Lead, Power Generation through Wind Farms

• Date or expected date of commencement of Commercial Production:

Commercial production commenced several years ago.

• Financial performance based on given indicators:

(₹ in lakhs)

Financial parameters	2010-11	2009-10	2008-09
Turnover	29,933.47	14,487.97	9,564.23
Net Profit / (Loss) before Tax	1,016.94	485.55	(214.67)
Net Profit / (Loss) after Tax	717.68	323.87	(215.89)

• Export performance and net foreign exchange collaborations:

(₹ in lakhs)

	2010-11	2009-10	2008-09
Export Performance	4,474.16	3,152.74	526.30

II. Information about the appointee:
• Background details:

Sri Sandeep Ramesh is a commerce graduate from the Indian Institute of Management and Commerce, and holds a post graduate diploma in business management from the Indian School of Business. He joined Nile Limited in June 2009 as General Manager, Non Ferrous Division. After his involvement in the business, the company has achieved a record turnover during the Financial Year 2010-11.

• Past remuneration:

During his tenure as General Manager – Non Ferrous Division, he was getting salary of ₹ 30,000/- per month along with other perks applicable as per company rules.

• Job profile and his suitability:

Sri Sandeep Ramesh will be responsible for overall management of the Company's Non Ferrous Division. In view of the record turnover achieved by the Company during his tenure as General Manager – Non Ferrous Division, the Board has decided to co-opt him as an Additional Director and Executive Director for a period of three years with effect from 14th August, 2011.

• Remuneration proposed:

As set out in Item Number 6 of the AGM Agenda.

• Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):

Taking into consideration the size of the Company, the profile of Sri Sandeep Ramesh, and the responsibilities shouldered by him, the aforesaid remuneration package is in line with the prevailing industry norms.

• Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:

Relevant information is provided in the "Corporate Governance" part of the Directors Report.

III. Other information:

The Company suffered losses in 2008-2009 because of the global recession and the volatility in the international commodity markets. Due to the management's strategy of hedging against volatility, and expansion of activities & capacity, the unit has since been profitable.

IV. Disclosures:

Complete details of remuneration paid to all Directors are shown in the "Corporate Governance" part of the Directors Report.

Annexure – 2

**Re-appointment of Sri V. Ramesh as Managing Director:
Information Pursuant to Schedule – XIII of the Companies Act, 1956:**

I. General Information:

- Nature of industry:**

Manufacture of Glass Lined Equipment, Recycling of Lead, Power Generation through Wind Farms

- Date or expected date of commencement of Commercial Production:**

Commercial production commenced several years ago.

- Financial performance based on given indicators:**

(₹ in lakhs)

Financial parameters	2010-11	2009-10	2008-09
Turnover	29,933.47	14,487.97	9,564.23
Net Profit / (Loss) before Tax	1,016.94	485.55	(214.67)
Net Profit / (Loss) after Tax	717.68	323.87	(215.89)

- Export performance and net foreign exchange collaborations:**

(₹ in lakhs)

	2010-11	2009-10	2008-09
Export Performance	4,474.16	3,152.74	526.30

II. Information about the appointee:

- Background details:**

Sri V. Ramesh, is the promoter & Managing 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 vast experience in related fields in different capacities.

- Past remuneration:**

₹ 2.00 Lakhs per month + Commission @ 2% of the Net Profits + Perquisites as approved by the shareholders at the 24th Annual General Meeting of the Company held on 30th September, 2008.

- Job profile and his suitability:**

Sri V. Ramesh as Managing Director is the CEO of the Company, responsible for overall management of the Company, under the supervision and guidance of the Board of Directors. His last appointment was made for a period of 5 years with effect from 26th July, 2008. In view of the excellent progress achieved by the Company since then under his guidance, the Board has decided to re-appoint him as Managing Director for a period of three years with effect from 14th August, 2011, with revised remuneration as recommended by the Remuneration Committee.

- Remuneration proposed:**

As set out in Item Number 7 of the AGM Agenda above

- Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):**

Taking into consideration the size of the Company, the profile of Sri V. Ramesh, and the responsibilities shouldered by him, the aforesaid remuneration package is in line with the prevailing industry norms.

- Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:**

Relevant information is provided in the "Corporate Governance" part of the Directors Report.

III. Other information:

The Company suffered losses in 2008-2009 because of the global recession and the volatility in the international commodity markets. Due to the management's strategy of hedging against volatility, and expansion of activities & capacity, the unit has since been profitable.

IV. Disclosures:

Complete details of remuneration paid to all Directors are shown in the "Corporate Governance" part of the Directors Report.

DIRECTORS' REPORT

To
The Members,

Your Directors take pleasure in presenting the 27th Annual Report on the operations of your Company and the Audited Accounts for the financial year ended 31st March, 2011, 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:

	(₹ in lakhs)	
Particulars	2010-11	2009-10
Net Sales	29,933.47	14,487.97
Other Income	73.17	16.63
Profit before interest and depreciation and prior period adjustments	1,981.32	1,122.25
Less: Interest	768.90	502.64
Depreciation	198.32	170.82
Profit Before Tax and prior period adjustments	1,014.10	448.79
- Prior Period Adjustments	2.84	36.76
Profit Before Tax	1,016.94	485.55
Less: Provision for tax – Regular Tax	294.46	70.02
- Deferred Tax (asset)/liability	4.80	91.66
Profit/(Loss) after tax for the year	717.68	323.87
Add/Less: Surplus/(Deficit) in P&L Account brought forward	924.62	645.87
Amount available for appropriation	1,642.30	969.74
Appropriations:		
Transfer to General Reserve	54.00	10.00
Proposed Dividend on equity shares	60.04	30.02
Income Tax on proposed Dividend	9.97	5.10
Surplus/(Deficit) carried to Balance Sheet	1,518.28	924.62

DIVIDEND:

Your Directors have pleasure in recommending a dividend of ₹ 2.00 per share for the year 2010-11.

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 ₹ 4,466 lakhs as against ₹ 3,015 lakhs in the previous year.