



N I L E  
L I M I T E D



28<sup>th</sup> Annual Report 2011-12



## **BOARD OF DIRECTORS**

---

**Sri V. Ramesh**

*Chairman and Managing Director*

**Sri Sandeep Ramesh**

*Executive Director*

**Sri S. V. Narasimha Rao**

**Dr. M. R. Naidu**

**Sri V. Ashok**

**Sri. Satish Malladi**

### **COMPANY SECRETARY**

**Sri Bikram Keshari Prusty**

### **REGISTERED OFFICE**

**NILE Limited,**

Plot No.149/A, Old MLA Colony

Road No.12, Banjra Hills

Hyderabad - 500 034.

Phones: 040-23606641/42/43

Fax: 040-23606640

E-mail: [legal@nilelimited.com](mailto: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 28th Annual General Meeting of the Company will be held on Saturday, the 29th day of September, 2012 at 11:00 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, 2012, and Statement of Profit and Loss 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 20011-12.
3. To appoint a Director in place of Sri S.V.Narasimha Rao who retires by rotation and, being eligible, offers himself for re-appointment.
4. To resolve not to fill the vacancy caused by the retirement of Dr. M. R. Naidu who retires by rotation, and does not seek re-appointment.
5. To appoint Auditors and to fix their remuneration

By Order of the Board  
For Nile Limited

Place : Hyderabad  
Date : 21-07-2012

**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 22nd September, 2012 to 29th September, 2012 (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 21st September, 2012. 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 |
|-----------------------|---------------------|------------------------|
| 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: 1st Interim  | 27-10-2007          | 26-10-2014             |
| 2007-08: 2nd 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             |
| 2010-11: Final        | 30-09-2011          | 29-09-2018             |

## DIRECTORS' REPORT

To  
The Members,

Your Directors take pleasure in presenting the 28th Annual Report on the operations of your Company and the Audited Accounts for the financial year ended 31st March, 2012, 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  | 2011-12   | 2010-11   |
| Net Sales  | 32,181.30 | 29,933.47 |
| Other Income   | 156.89    | 154.35    |
| Profit before interest and depreciation and prior period adjustments | 1,934.64  | 1,981.32  |
| Less: Interest   | 900.00    | 768.90    |
| Depreciation   | 215.01    | 198.32    |
| Profit Before Tax and prior period adjustments                       | 819.63    | 1,014.10  |
| - Prior Period Adjustments   | 12.56     | 2.84      |
| Profit Before Tax  | 832.19    | 1,016.94  |
| Less: Provision for tax - Regular Tax                                | 163.99    | 294.46    |
| - Deferred Tax (asset)/liability                                     | 101.46    | 4.80      |
| Profit/(Loss) after tax for the year                                 | 566.74    | 717.68    |
| Add/Less: Surplus/(Deficit) in P&L Account brought forward           | 1,518.28  | 924.62    |
| Amount available for appropriation                                   | 2,085.03  | 1,642.30  |
| Appropriations:  |           |           |
| Transfer to General Reserve  | 43.00     | 54.00     |
| Proposed Dividend on equity shares                                   | 60.04     | 60.04     |
| Income Tax on proposed Dividend                                      | 9.74      | 9.97      |
| Surplus/(Deficit) carried to Balance Sheet                           | 1,972.25  | 1,518.29  |

### DIVIDEND:

Your Directors have pleasure in recommending a dividend of ₹ 2.00 per share for the year 2011-12.

### OPERATIONS:

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

#### LEAD DIVISION:

This year, the Lead division recorded sales of ₹ 27,448 lakhs as against ₹ 25,395 lakhs the previous year.

### WINDMILLS:

The entire energy generated at Ramagiri was sold to Andhra Pradesh Power Coordination Committee, and the total revenue was ₹ 88 lakhs as against ₹ 73 lakhs the previous year.

### GLASS LINING:

This year, the Glass Lining division recorded sales of ₹ 4,645 lakhs as against ₹ 4,466 lakhs the previous year.



**TOTAL:**

The combined turnover of the Company, thus, was ₹ 32,181 lakhs for the year under review, as against ₹ 29,933 lakhs for 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.

**Voluntary Guidelines -2009:**

The Ministry of Corporate Affairs has issued a set of Voluntary Guidelines on 'Corporate Governance' and 'Corporate Social Responsibility' in December, 2009. These guidelines are expected to serve as a benchmark for the Corporate Sector and also help them in achieving the highest standard of corporate governance.

Some of the provisions of these guidelines are already in place as reported elsewhere in this Report. The other provisions of these guidelines are being evaluated.

**QUALITY SYSTEM:**

Your Company's certificates for Quality Systems under ISO 9001 for the Lead Division 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:**

No new technology has been obtained during the year and the existing technology in use has been fully absorbed.

**FOREIGN EXCHANGE EARNINGS AND OUTGO:**

(₹ in Lakhs)

|   | 2011-12   | 2,010-11  |
|---|-----------|-----------|
| a) Foreign Exchange earnings on exports           | 1,141.83  | 4,474.16  |
| b) Foreign Exchange used on account of:           |           |           |
| i) Foreign Travel                                 | –         | 1.47      |
| ii) CIF value of imports of raw material & others | 11,209.67 | 13,341.24 |
| iii) Commission on Sales                          | –         | 15.44     |
| iv) Dividend for 2010-11/2009-10                  | 1.65      | 0.82      |

**DIRECTORS:**

Pursuant to the provisions of Section 256 of the Companies Act, 1956, Sri S.V.Narasimha Rao, and Dr. M.R.Naidu will retire by rotation at the ensuing Annual General Meeting, and are eligible for reappointment.

Sri S V Narasimha Rao offers himself for reappointment, while Dr Naidu does not seek reappointment. The Board thanks Dr Naidu for his invaluable contributions to your Company during his long years of Directorship.

**DEPOSITS:**

Your Company has accepted fixed deposits during the year, and complied with all the statutory provisions. The outstanding deposits as on 31st March, 2012 amount to ₹ 287.00 lakhs, which includes ₹ 227.00 lakhs from related parties.

**AUDITORS:**

**Statutory Auditor:** 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.

**Cost Auditor:** As per the requirement of the Companies (Cost Accounting Records) Rules, 2011, read with Sec. 209(1)(d) and Section 233B of the Companies Act, 1956, your Company carried out an audit of Cost Accounting records relating to Wind Firm division for the year 2011-12. In this connection, your Company has appointed Mr. N.V.S. Kapardhi, Cost Accountant, as Cost Auditor for the Financial Year 2011-12. Further, subject to approval of the Central Government, your company has appointed Mr. N.V.S. Karpardhi, Cost Accountant, who has signified his willingness to accept appointment and confirmed his eligibility under Section 224(1B) of the Companies Act, 1956, as Cost Auditor for the Financial Year 2012-13.

#### **PARTICULARS OF EMPLOYEES:**

No employee was in receipt of remuneration more than the limit prescribed under the Companies (Particulars of Employees) Rules, 1975.

#### **TRANSFER OF UNCLAIMED AND UNPAID DIVIDEND TO IEP FUND:**

Pursuant to Section 205C of the Companies Act, 1956, read with the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001 as amended from time to time, an amount of ₹ 30,075/- in the unclaimed and unpaid interim dividend for 2004-05 was transferred to the Investor Education and Protection Fund during the year.

#### **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 BSE Limited, Mumbai, P.J. Towers, Dalal Street, Fort, Mumbai. The annual listing fee for the year 2012-13 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, 2012, 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.

#### **ACKNOWLEDGEMENT:**

Your Directors thank the customers, vendors, investors and Andhra Bank for their continued support during the year.

For and on behalf of the Board

Place : Hyderabad  
Date : 21-07-2012

**V. Ramesh**  
Chairman and  
Managing Director

## ANNEXURE TO DIRECTORS' REPORT

### A. MANAGEMENT DISCUSSION AND ANALYSIS

The Management discussion and analysis report sets out developments in the business environment and the Company's performance since the last report. The analysis supplements the Directors' report, which forms part of this annual report.

#### INDUSTRY STRUCTURE AND DEVELOPMENT

Glass Lining, Lead and Wind Energy are the three divisions of the Company. Glass Lined equipment is used primarily in pharmaceutical, specialty chemicals, agro chemicals and other similar industries. Lead and Lead Alloys are mainly supplied to manufacturers of Lead Acid batteries, plastic stabilizers, and metal oxides. Wind energy generated is sold to Andhra Pradesh Power Coordination Committee.

On 21st June, 2012, your company has sold the Glass Lining Division, situated at Door No.44-79/1, Road No.7 Industrial Estate, Nacharam, Hyderabad-500076, to M/s. De Dietrich Process Systems India Pvt. Ltd., as a "going concern" on a slump sale basis, for a net consideration of Rs 54.03 crores.

#### SEGMENT-WISE PERFORMANCE

The operational and financial performances of the three divisions are as follows:

| (₹ in Lakhs)                            |          |                                     |
|---|----------|-------------------------------------|
| Segment                                 | Turnover | Profit/(Loss) before Interest & Tax |
| Lead                                    | 27,448   | 1,155                               |
| Wind Energy                             | 88       | 43                                  |
| Glass Lining<br>(Discontinued Business) | 4,645    | 365                                 |

#### OUTLOOK:

##### PROPOSED EXPANSION:

The expansion of the Tirupati plant to 50,000 TPA has been completed, and permission has been received from

the Andhra Pradesh Pollution Control Board for expansion of the Choutuppal plant to 50,000 TPA.

The operations of the joint venture project in Georgia are still not streamlined, due to the working capital constraints faced by the local partner. Various options are being explored to solve this problem.

The demand for Lead and Lead Alloys is strong, and there has been an increase in the revenue, but the net profit decreased due to a drop in international Lead prices.

#### OPPORTUNITIES AND THREATS:

The outlook for the Lead Division continues to be promising in the medium term. However, the availability and price of raw material are causes for concern.

Your Company's wind farm is expected to continue its reasonable performance.

#### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

Your Company has an established system of internal controls for ensuring optimal utilization of various resources. Investment decisions involving capital expenditure are taken up only after due appraisal and review, and adequate policies have been laid down for approval and control of expenditure. Internal audit is carried out by a firm of Chartered Accountants to ensure adequacy of the internal control systems. The internal audit report is reviewed by the Audit Committee to ensure that all policies and procedures are adhered to, and all statutory obligations are complied with.

For and on behalf of the Board

Place : Hyderabad  
Date : 21-07-2012

**V. Ramesh**  
Chairman and  
Managing Director

## B. CORPORATE GOVERNANCE REPORT

Yours Directors have pleasure in presenting the Corporate Governance Report for the year ended 31st March, 2012.

### 1) COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

Your company believes that good Corporate Governance enhances the confidence of investors and helps in meeting the needs and aspirations of its shareholders. Your company is committed to continuing the high values and traditions in transparent functioning of the organization.

### 2) BOARD OF DIRECTORS AND MEETINGS:

#### (i) Composition:

The company's policy is to maintain optimum combination of Executive and Non-Executive Directors. Presently, the Board consists of 6 Directors, out of whom 4 are independent.

Composition of the Board and category of Directors are as follows:

#### Promoter/Promoter Director:

|               |                                   |
|---------------|-----------------------------------|
| Sri V. Ramesh | Chairman and<br>Managing Director |
|---------------|-----------------------------------|

|                    |                    |
|--------------------|--------------------|
| Sri Sandeep Ramesh | Executive Director |
|--------------------|--------------------|

#### Non-Executive and Independent Directors:

Dr. M.R. Naidu

Sri S.V. Narasimha Rao

Sri V. Ashok

Sri Satish Malladi

None of the independent Directors are related to any other Director.

#### Directors' Profiles:

Brief resume of all the Directors, nature of their expertise in specific functional areas and names of companies in which they hold Directorships, Memberships/Chairmanships of Board Committees and their shareholding in the company are provided below:

Pursuant to the provisions of Section 256 of the Companies Act, 1956, Sri S.V.Narasimha Rao, and Dr. M.R.Naidu will retire by rotation

at the ensuing Annual General Meeting, and are eligible for reappointment.

Sri S V Narasimha Rao offers himself for reappointment, while Dr Naidu does not seek reappointment. The Board thanks Dr Naidu for his invaluable contributions to your Company during his long years of Directorship.

#### Sri S.V. Narsimha Rao:

Sri S.V. Narasimha Rao has a B. Tech from IIT, Madras, and MS & MBA from the University of Nebraska. He has more than thirty years of technical and senior management experience in reputed companies such as Sumac International Limited, Shin Ho Petro-Chemicals (India) Limited, Jeypore Sugars Limited, and KCP Sugars and Chemicals Limited. He is presently the Executive Director of Beardsell Limited. He is a member in none of the committees in other companies.

#### Other Directors:

#### Sri V. Ramesh:

Sri V. Ramesh, is the promoter & CMD 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.

As CMD, he is the CEO of the Company, responsible for overall functioning of the organization. Over the years, he has been instrumental in transforming the organization to one that is professionally managed and also made substantial contribution for the growth of the Company. He is a member in none of the committees in other companies. As on 31st March, 2012 he was holding 2,21,208 shares in the company.

#### Sri Sandeep Ramesh:

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. As on 31st March, 2012 he was holding 1,82,024 shares in the company.

**Dr. M.R. Naidu:**

Dr. M.R. Naidu is a graduate in Mechanical Engineering from Andhra University. He has several decades of experience in various fields. He worked as Executive Director of BHEL for a period of 8 years, as CMD of BHPV for 5 years, and as CMD of HMT for 5 years.

Presently, he is on the Board, Audit Committee and Compensation Committee of Suven Life Sciences Limited, as well as Board of Mangal Precision Products Limited.

**Sri V. Ashok:**

Sri V. Ashok has an MBA from the USA, and is the promoter and Managing Director of Trigeo Technologies Private Limited, which provides GIS & CAD/CAM services. He is an experienced professional, and has expertise in commercial and managerial functions. He is a member in none of the committees in other companies.

**Sri Satish Malladi:**

Sri. Satish Malladi is a mechanical engineering graduate from IIT Madras. He started his career in HMT Limited, and later started his own business, supplying specialized equipment to IDL Chemicals. He also executed several works for the Railways, APSEB and ISRO. Sri Malladi now heads, and is a director in, Mashvill Sensors Private Limited, which manufactures special pressure transducers for aerospace applications.

**(ii) Board Meetings:**

During 2011-12, the Board of Directors met six times on the following dates:

| Sl.No. | Date of Board Meeting |
|--------|-----------------------|
| 1      | 23.04.2011            |
| 2      | 09.07.2011            |
| 3      | 14.08.2011            |
| 4      | 12.09.2011            |
| 5      | 14.11.2011            |
| 6      | 14.02.2012            |

**(iii) Attendance of directors at the board meetings, last Annual General Meeting and number of other directorships and chairman/ memberships of committees each director in other companies are as follows:**

| Name of the Director   | Attendance particulars |          | No.of other Directorships and Chairmanships/ memberships of other Committees |                        |                          |
|------------------------|------------------------|----------|--|------------------------|--------------------------|
|                        | Board Meetings         | Last AGM | Other Directorships  | Committees Memberships | Committees Chairmanships |
| Sri V. Ramesh          | 6                      | Yes      | None   | None                   | None                     |
| Sri Sandeep Ramesh     | 4                      | Yes      | None   | None                   | None                     |
| Dr. M. R. Naidu        | 6                      | No       | 2  | 4                      | None                     |
| Sri S.V. Narasimha Rao | 4                      | No       | 1  | None                   | None                     |
| Sri V. Ashok           | 5                      | No       | 1  | None                   | None                     |
| Sri Satish Malladi     | 6                      | Yes      | None   | None                   | None                     |

**3) AUDIT COMMITTEE:**

The Audit Committee consists of 3 Non-Executive Independent Directors with Sri S. V. Narasimha Rao as Chairman, Sri V. Ashok, Sri Satish Malladi as members. Company Secretary of the Company acts as Secretary of the Committee.

**Brief Description of terms of reference of Audit Committee:**

The Committee comprises of non-executive Directors, and has been formed to monitor and provide effective supervision of the financial control and reporting process. The terms of reference of the Committee cover the matters specified for Audit Committee under clause 49 of the Listing agreement as well as Section 292A of the Companies Act, 1956. This, inter alia, includes review of the financial reporting process, internal audit process, adequacy of internal control systems, management audit and risk management policies, and also recommendation on the appointment of the Statutory Auditors, Cost Auditors and their remuneration. Company Secretary is the Secretary of the Committee.

The Audit Committee met four times during the year 2011-12. Details of the attendance of each member at the Audit Committee meetings are as follows:

| Name of the Director   | Dates of Audit Committee Meetings |            |            |            |
|------------------------|-----------------------------------|------------|------------|------------|
|                        | 23.04.2011                        | 14.08.2011 | 14.11.2011 | 14.02.2012 |
| Sri S.V. Narasimha Rao | Yes                               | Yes        | Yes        | Yes        |
| Sir V. Ashok           | Yes                               | Yes        | No         | Yes        |
| Sri Satish Malladi     | Yes                               | Yes        | Yes        | Yes        |

**4) REMUNERATION COMMITTEE:**

The Company does not pay remuneration to the Non- Executive Directors of the Company except for the payment of sitting fees for attending such Meetings of the Board or Committees thereof. Remuneration of the Whole Time Directors is recommended by the Remuneration Committee, fixed by the Board, and approved by the shareholders.

The Remuneration Committee consists of 3 Non-Executive Directors with Sri Satish Malladi as Chairman and Sri S. V. Narasimha Rao, and Sri V. Ashok as members.

The Remuneration Committee met once on 14th August, 2011 during the year 2011-12.

Particulars of remuneration paid to the Board of Directors for the year ended 31st March, 2012 are given below:

(₹ in lakhs)

| Executive Director | Salary | Perquisite | Commission | Total |
|--------------------|--------|------------|------------|-------|
| Sri V.Ramesh       | 43.88  | 1.19       | 14.84      | 59.91 |
| Sri Sandeep Ramesh | 11.75  | 0.2        | 4.64       | 16.59 |

  

| Non-Executive Directors | Sitting fees (₹) |
|-------------------------|------------------|
| Dr. M.R.Naidu           | 25,000           |
| Sri S.V.Narasimha Rao   | 23,000           |
| Sri V. Ashok            | 21,500           |
| Sri Satish Malladi      | 26,000           |