

29th Annual Report 2012-13



**N I L E
L I M I T E D**



BOARD OF DIRECTORS

Sri V. Ramesh

Chairman and Managing Director

Sri Sandeep Ramesh

Executive Director

Sri S. V. Narasimha Rao

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, Banjara Hills
Hyderabad - 500 034.
Phones: 040-23606641/42/43
Fax: 040-23606640
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.

COST AUDITORS:

M/s. Kapardhi & Associates
S.R.T.148, GHMC No.7-1-621/468,
Sanjeeva Reddy Nagar,
Hyderabad - 500 038

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

INTERNAL AUDITORS:

M/s. Manohar Chowdhry & Associates
Chartered Accountants
204A, Concourse Complex,
7-1-58, Greenlands Road,
Hyderabad- 500 016

NOTICE

Notice is hereby given that the 29th Annual General Meeting of the Company will be held on Saturday, the 10th day of August, 2013 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, 2013, 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 2012-13.
3. To appoint a Director in place of Sri V. Ashok, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration

By Order of the Board

Place : Hyderabad

Date : 11-05-2013

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 3rd August, 2013 to 10th August, 2013 (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 2nd August, 2013. 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 en-cashed 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 bellow:

Dividend for the Year	Date of declaration	Last date for claiming
2005-06: Final	19-06-2006	18-07-2013
2006-07 : Interim	30-01-2007	01-03-2014
2006-07 : Final	12-07-2007	11-08-2014
2007-08 : 1st Interim	27-10-2007	26-11-2014
2007-08 : 2nd Interim	30-04-2008	30-05-2015
2007-08 : Final	30-09-2008	30-10-2015
2009-10: Final	30-09-2010	30-10-2017
2010-11: Final	30-09-2011	30-10-2018
2011-12: Final	29-09-2012	29-10-2019

DIRECTORS' REPORT

To
The Members,

Your Directors take pleasure in presenting the 29th Annual Report on the operations of your Company and the Audited Accounts for the financial year ended 31st March, 2013, 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	2012-13	2011-12
Net Sales	27,063.41	32,181.30
Other Income	72.21	156.89
Profit before interest and depreciation	1,616.42	1,934.64
Less: Interest	595.76	900.00
Depreciation	<u>323.08</u>	<u>215.01</u>
Profit before exceptional & extraordinary items and tax	697.58	819.63
Exceptional & Extraordinary Item (Net of tax) - Profit on sale of Glass Lining Division	1,468.15	-
Profit before Tax	2,165.73	819.63
Profit after Tax	1,979.42	566.74
Add: Opening balance in Statement of Profit & Loss	<u>1,972.25</u>	<u>1,518.29</u>
Amount available for appropriation	<u>3,951.67</u>	<u>2,085.03</u>
Appropriations:		
Transfer to General Reserve	150.00	43.00
Proposed Dividend on equity shares	60.04	60.04
Income Tax on proposed Dividend	<u>9.74</u>	<u>9.74</u>
Surplus/(Deficit) carried to Balance Sheet	<u>3,731.89</u>	<u>1,972.25</u>

DIVIDEND:

Your Directors have pleasure in recommending a dividend of ₹2.00 per share for the year 2012-13.

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 ₹25,987 lakhs as against ₹27,448 lakhs in the previous year.

WINDMILLS:

The entire energy generated at Ramagiri was sold to Andhra Pradesh Power Coordination Committee, and the total revenue was ₹45 lakhs as against ₹88 lakhs in the previous year. As per the interim order passed by Andhra Pradesh Electricity Regulatory Commission (APERC), the company is receiving ₹1.69 per unit instead of ₹3.37 per unit. However, the Company has filed an appeal before the Appellate Tribunal for Electricity (APTEL) against the order passed by the APERC.


GLASS LINING :

This year, the Glass Lining division recorded sales of ₹1,031 lakhs till 21st June, 2012, the date of transfer of the business to De Dietrich Process Systems India Private Limited.

TOTAL:

The combined turnover of the Company, thus, was ₹27,063 lakhs for the year under review, as against ₹32,181 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)

	2012-13	2011-12
a) Foreign Exchange earnings on exports	529.21	1,141.83
b) Foreign Exchange used on account of:		
i) Foreign Travel	–	–
ii) CIF value of imports of raw material & others	9,861.09	1,1209.67
iii) Commission on Sales	–	–
iv) Dividend for 2011-12/2010-11	1.65	1.65

DIRECTORS:

Pursuant to the provisions of Section 256 of the Companies Act, 1956, Sri V. Ashok will retire by rotation at the ensuing Annual General Meeting, and being eligible, offers himself for reappointment.

DEPOSITS:

Your Company has accepted fixed deposits during the year, and complied with all the statutory provisions. The outstanding deposits as on 31st March, 2013 amount to ₹482.00 lakhs, which include ₹422.00 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: Subject to the approval of the Central Government, your company has appointed Mr. N.V.S. Kapardhi, Cost Accountant, who has signified his willingness to accept the appointment and confirmed his eligibility under Section 224(1B) of the Companies Act, 1956, as Cost Auditor for the Financial Year 2013-14, as required under the Companies (Cost Audit Report) Rules, 2011, read with Sec. 209(1)(d) and Section 233B of the Companies Act, 1956.

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 ₹62,367/- in the unclaimed and unpaid final 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) is appended to this Annual Report.

Clause 43A:

Your Company's shares are listed on the BSE Ltd., Mumbai, P.J. Towers, Dalal Street, Fort, Mumbai. The annual listing fee for the year 2013-14 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, 2013, 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 : 11-05-2013

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

Lead, Wind Energy, and Glass Lining are the three divisions of the Company.

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.

Glass Lined equipment is used primarily in pharmaceutical, specialty chemicals, agro chemicals and other similar industries. On 21st June, 2012, your company sold the Glass Lining Division to M/s. De Dietrich Process Systems India Pvt. Ltd., as a "going concern" on a slump sale basis.

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	25,987.18	1,130.34
Wind Energy	45.48	(0.23)
Glass Lining (Discontinued Business)	1,030.75	91.01

OUTLOOK:

The operations of the joint venture project in Georgia continue to be unsatisfactory.

The demand for Lead and Lead Alloys is strong, but the volatility of prices, for both finished goods and raw materials, increased during the year.

OPPORTUNITIES AND THREATS:

While the demand for the Company's Lead products is strong, raw material availability and price have become major areas of 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 : 11-05-2013

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, 2013.

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 5 Directors, out of whom 3 are independent.

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

Promoter/Promoter Director:

Sri V. Ramesh	Chairman and Managing Director
Sri Sandeep Ramesh	Executive Director

Non-Executive and Independent Directors:

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 V. Ashok will retire by rotation at the ensuing Annual

General Meeting, and, being eligible, offers himself for reappointment.

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.

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 to the growth of the Company. He is a member in none of the committees in other companies. As on 31st March, 2013 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, 2013 he was holding 1,90,474 shares in the company.

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.

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. He is a member in none of the committees in other companies.

(ii) Board Meetings:

During 2012-13, the Board of Directors met five times on the following dates:

Sl.No.	Date of Board Meeting
1	09-05-2012
2	21-07-2012
3	03-11-2012
4	09-02-2013
5	15-03-2013

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

Name of the Director	Attendance Particulars - Board Meetings	Attendance Particulars- Last AGM	No. of other Directorships of other Public Companies	No. of other Committee Memberships of other Public Companies	No. of other Committee Chairmanships of other Public Companies
Sri V. Ramesh	5	Yes	None	None	None
Sri Sandeep Ramesh	5	Yes	None	None	None
Dr. M. R. Naidu	1	No	2	4	None
Sri S.V. Narasimha Rao	4	No	1	None	None
Sri V. Ashok	4	Yes	1	None	None
Sri Satish Malladi	5	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 are 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 2012-13. Details of the attendance of each member at the Audit Committee meetings are as follows:

Name of the Director	09-05-2012	21-07-2012	03-11-2012	09-02-2013
Sri S. V. Narasimha Rao	Yes	Yes	Yes	Yes
Sir V. Ashok	No	Yes	Yes	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 did not meet during the year 2012-13.

Particulars of remuneration paid to the Board of Directors for the year ended 31st March, 2013 are given below:

(Amount in ₹)

Executive Director	Salary	Perquisite	Commission	Total
Sri V. Ramesh	47,50,000	5,05,112	–	52,55,112
Sri Sandeep Ramesh	19,00,000	1,75,755	–	20,75,755
Non-Executive Directors			Sitting fees (₹)	
Dr. M. R. Naidu			4,500	
Sri S. V. Narasimha Rao			22,000	
Sri V. Ashok			17,000	
Sri Satish Malladi			23,500	

5) SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:

To deal with investors' complaints regarding transfer/transmission of shares, non-receipt of certificates, dividends, annual reports, dematerialization of shares and such other matters, the Company has set up a committee of directors known as Shareholders/Investors Grievance Committee consisting of 3 directors with 2 Non-Executive Directors and one Executive Director.

Sri Satish Malladi is the Chairman of this committee, and Sri V. Ramesh, and Sri S. V. Narasimha Rao are members.

The Committee received one complaint during the year 2012-2013, which was resolved. No complaint was pending as on 31st March, 2013. Company Secretary of the Company acts as the Compliance Officer.