

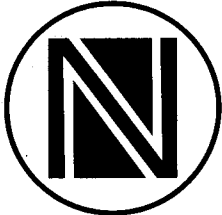


Annual Report 2008-09

CERTIFIED TRUE COPY  
For NILE LIMITED

A handwritten signature in black ink, appearing to be a stylized name.

COMPANY SECRETARY



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 S.V. Narasimha Rao

Sri V. Ashok

Sri. Ramanan Ramamurti

Sri. Satish Malladi

*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 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](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 Twenty Fifth Annual General Meeting of the Company will be held on Wednesday, the 30th day of September 2009 at 11:00 A.M at the registered office of the company, 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, 2009 and the Balance Sheet as on that date and the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Sri T. Panduranga Rao, who retires by rotation and, being eligible, offers himself for re-appointment.
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 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 are 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:**

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

"RESOLVED THAT Sri Ramanan Ramamurti who was appointed as an Additional Director of the Company by the Board of Directors with effect from 27th July, 2009 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 an Ordinary Resolution:

"RESOLVED THAT Sri Satish Malladi who was appointed as an Additional Director of the Company by the Board of Directors with effect from 27th July, 2009 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."

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 Section 314 and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded for the payment of remuneration @ Rs.30,000/- per month along with other perks applicable as per company rules to Sri Sandeep Ramesh, General Manager, Non Ferrous Division of the Company, which will take effect from 1st October, 2009."

By Order of the Board  
For NILE LIMITED

Place: Hyderabad  
Date : 27th July, 2009

**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. An explanatory statement pursuant to section 173 of the Companies Act, 1956, relating to the Special Business for which approval of shareholders (by ordinary/special resolution) is sought for are 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, 2009 to 30th September, 2009 (both days inclusive).
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.

By Order of the Board  
For NILE LIMITED

Place: Hyderabad  
Date : 27th July, 2009

**Bikram Keshari Prusty**  
Company Secretary



**ANNEXURE TO NOTICE**

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

**Item No.5 & 6:**

Sri Ramanan Ramamurti and Sri Satish Malladi were co-opted as an Additional Directors on the Board of the Company with effect from 27th July, 2009. Brief resumes are as under:

**Sri Ramanan Ramamurti:**

Mr. Ramanan is an engineering graduate from IIT Madras. He has over 30 years of experience in such diverse organizations as BHEL, OMC Computers, SEEC Singapore, Astra Microelectric Technologies, and SQL Star International. His expertise covers a wide gamut, and includes manufacturing, software development, as well as marketing. He is now an advisor to SRAOSS India Private Limited, and his wealth of knowledge will be of immense benefit to the organization.

**Sri Satish Malladi:**

Mr. 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. He migrated to the US in 1989, and now commutes between New York and Hyderabad. Mr Malladi now heads a company in Hyderabad, manufacturing special pressure transducers for aerospace applications. Mr. Malladi's extensive and varied experience will be beneficial to your Company.

Pursuant to Section 260 of the Companies Act, 1956 Sri Ramanan Ramamurti and Sri Satish Malladi will hold office only up to the date of 25th Annual General Meeting of the Company.

Your Company has received notice in writing along with the deposit of Rs.500/- from members under Section 257 of the Companies Act, 1956 signifying their

intention to propose Sri Ramanan Ramamurti and Sri Satish Malladi as candidates for the office of Directors.

The Board recommends the necessary resolution for your approval. None of the Directors of the Company, except Sri Ramanan Ramamurti and Sri Satish Malladi, is concerned or interested in the resolutions.

**Item No.7:**

Sri Sandeep Ramesh, aged about 26 years, 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. Since he is related to the Managing Director, Sri V Ramesh, his proposed remuneration is subject to the approval of the shareholders, as per Section 314(1B) of the Companies Act, 1956.

Your Company proposes to pay Sri Sandeep Ramesh a monthly remuneration of Rs 30,000 along with other perks applicable to officers of his cadre. This remuneration is very reasonable, keeping in view his qualifications.

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

By Order of the Board  
For NILE LIMITED

Place: Hyderabad  
Date : 27th July, 2009

**Bikram Keshari Prusty**  
Company Secretary

**DIRECTORS' REPORT**

To  
The Members,

Your Directors take pleasure in presenting the 25th Annual Report on the operations of your Company and the Audited Accounts for the financial year ended 31st March, 2009, 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	2008-09	2007-08
Net Sales	9564.69	11529.50
Other Income	244.19	28.09
Profit before interest and depreciation and prior period adjustments	256.34	1535.30
Less: Interest	362.76	328.89
Depreciation	115.01	114.68
Profit Before Tax	(221.43)	1091.73
Less: Provision for tax - Regular Tax	Nil	445.42
- Deferred Tax (asset)/liability	(2.44)	(2.42)
- Fringe Benefit Tax	3.66	3.00
- Prior Period Adjustments	(6.76)	Nil
Profit/(Loss) after tax for the year	(215.89)	645.73
Add/Less: Surplus/(Deficit) in P&L Account brought forward	861.76	428.51
Amount available for appropriation	645.87	1074.24
<b>Appropriations:</b>		
Transfer to General Reserve	Nil	72.00
Interim Dividend paid on equity shares	Nil	90.05
Income Tax on Dividend paid	Nil	15.31
Proposed Dividend on equity shares	Nil	30.02
Income Tax on Dividend	Nil	5.10
Surplus/(Deficit) carried to Balance Sheet	645.87	861.76
	645.87	1074.24

**DIVIDEND:**

Your Directors regret that they can not recommend any dividend for the year 2008-09.

**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.3650 lakhs as against Rs.3836 lakhs in the previous year.

**LEAD DIVISION:**

This year, the Lead division recorded sales of Rs.5834 lakhs as against Rs.7609 lakhs in the previous year.

**WIND MILLS:**

The entire energy generated at Ramagiri was sold to Andhra Pradesh Power Coordination Committee, and the total revenue was Rs.81 lakhs as against Rs.84 lakhs in the previous year.

The combined turnover of the Company, thus, was Rs.9565 lakhs for the year under review, as against Rs.11529 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.

**QUALITY SYSTEM:**

Your Company's certificates for Quality Systems under ISO 9001 for the Glass Lining Division and the Lead Division at Choutuppall 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:**

(Amount in Rupees)

	2008-09	2007-08
a) Foreign Exchange earnings on exports	5,26,29,681	4,07,65,114
b) Foreign Exchange used on account of:		
i) Foreign Travel	2,69,411	4,70,866
ii) CIF value of imports of raw material & others	41,51,54,329	51,37,82,043
iii) Commission on Sales	9,05,556	3,16,172
iv) Dividend related to previous year	-	1,30,891
v) Dividend for 2007-08	1,74,522	1,74,522

**PROPOSED EXPANSION:**

Company's second Lead re-cycling unit near Tirupati having 20000 MT capacity has started commercial production in June, 2009.

The construction activities of the Joint Venture unit in the Republic of Georgia, for manufacture of Pure Lead and Alloys through re-cycling of Lead Acid Batteries and other Lead scrap is in the final stages. The unit is expected to commence production during the second half of the current year. The project will facilitate availability of raw materials at a concessional price, on a continuous basis.

**DIRECTORS:**

Sri M. Ramaiah, who was associated with the company almost from inception, passed away on 26th January, 2009. Your Board of Directors place on record their sincere appreciation of the contribution made by Sri Ramaiah.

Sri D Seshagiri Rao resigned from the Board of Directors on 27th July 2009 due to his preoccupation. Your Board of Directors place on record their sincere appreciation of the contribution made by Sri Seshagiri Rao during his tenure.

Pursuant to the provisions of Section 256 of the Companies Act, 1956, Sri T. Pandu Ranga Rao and Sri S. V. Narasimha Rao will retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for reappointment.

Sri Ramanan Ramamurti and Sri Satish Malladi were opted as additional directors of the company with effect from 27th July, 2009.

**DEPOSITS:**

Your Company has accepted fixed deposits during the year, and complied with all the statutory provisions. The outstanding deposits as on 31.03.2009 amount to Rs. 42 lakhs, which include Rs.20 lakhs from related parties.

**AUDITORS:**

Your Company's auditors M/s. Sarathy & Balu, Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and have signified their willingness to accept re-appointment and confirmed their eligibility under Section 224(1B) of the Companies Act, 1956.

**PARTICULARS OF EMPLOYEES:**

The information to be disclosed pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the rules framed thereunder is annexed and forms part of this report.

**SETTLEMENT OF CASES WITH GMM PFAUDLER LTD. AND ITS SUBSIDIARIES:**

The pending legal issues relating to transfer of 630095 shares in the company to GMM Pfaudler Ltd (formerly

known as Gujarat Machinery Manufacturers Limited) along with its associates, Karamsad Holdings Limited, Karamsad Investments Limited, and Karamsad Securities Private Limited were settled as per the consent terms signed by the parties on 14th February, 2009. The said consent terms were filed before the Honourable High Court of Andhra Pradesh. The Honourable High Court of Andhra Pradesh approved the said Consent Terms On 6th March, 2009, and disposed off the matters as per the said consent terms. Concurrently, your company also withdrew the cases filed against GMM and its associates before the Honourable High Court of Andhra Pradesh.

The salient features of the settlement are:

- (a) The shares will be transferred in the names of GMM and associated companies. These companies will not exercise any voting rights in respect of the shares being transferred in their names.
- (b) These companies undertake to dispose off the shares in the market, to parties not related to them, in the next three years (extendable by another year with mutual consent). They further undertake not to acquire, directly or indirectly, any more shares of Nile for a period of three years after the entire shareholding is disposed off.

#### 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 2009-10 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, 2009, 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 : 27th July, 2009

**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, 2009.

1. Name	Sri. V. Ramesh
2. Age (years)	60
3. Designation & nature of duties	Managing Director & overall control of the affairs of the Company
4. Gross remuneration	Rs. 35.32 lakhs
5. Qualifications	B. Tech from IIT Madras M.S. from the University of Wisconsin & MBA from the University of Toronto
6. Total experience	34 years
7. Date of commencement of employment	03.08.1996
8. Last employment	Deccan Sugars, Chennai

### 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 : 27th July, 2009

**T. Panduranga Rao**  
Chairman

## 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, Non Ferrous and Wind Energy are the three divisions of the Company. Glass Lined equipment is primarily used 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.

#### SEGMENT-WISE PERFORMANCE:

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

(Rupees in Lakhs)

Segment	Turnover	Profit/(Loss) before Interest & Tax
Glass Lining	3650.16	555.58
Lead	5833.81	(453.22)
Wind Energy	80.72	38.97

#### OUTLOOK:

The global economic slowdown has had an impact on our user industries for glass lined equipment, and outlook for the current year is not very encouraging. With signs of international economic upturn, we expect a gradual improvement in this Division.

The volatility and steep decline in the international lead prices had a serious impact on the operations on the Non Ferrous Division. With the co-operation of major customers, your company was able to minimize the losses. There appears to be some stability in the international commodity prices. The 20000 MT capacity lead re-cycling plant at Tirupati has started commercial production during the month of June, and will be fully operational soon. It will help us to increase our production and market share as well.

The joint venture project in The Republic of Georgia is expected to commence commercial production in the second half of the year. These capacity additions should

help your company do better in the current year. The Board has decided to go for booking of forward contracts through London Metal Exchange (LME). The management is discussing with different LME registered brokers in this regard. This will help in cushioning against the volatility of lead prices in the international market.

#### OPPORTUNITIES AND THREATS

Your Company's efforts to exploit the overseas market for glass lined equipment are beginning to yield results, even though the delays from the Government of India in issuing export licences continue to be a cause for concern.

The international prices of Lead have experienced high volatility during 2008 and 2009, which is of prime concern to the Lead industry. However, some stability seems to be returning to the market.

Your Company's wind farm is expected to continue its reasonable performance. APERC has passed an order, continuing the existing tariff for wind power.

#### 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 periodically by the Audit Committee to ensure that all policies and procedures are adhered to, and all statutory obligations are complied with.

#### HUMAN RESOURCES

The employee strength as on April 01, 2008 and April 01, 2009 for the three divisions are given below:

Year	Strength of Employees		
	Glass Lining	Lead	Wind Farm
April 01, 2008	246	92	6
April 01, 2009	246	90	6

For and on behalf of the Board

Place : Hyderabad  
Date : 27th July, 2009

T. Panduranga Rao  
Chairman



## **B. CORPORATE GOVERNANCE REPORT**

Your Directors have pleasure in presenting the Corporate Governance Report for the year ended 31st March 2009

### **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 7 Directors, out of whom 6 are independent.

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

#### **Promoter/Promoter Director:**

Sri V. Ramesh                      Managing Director

#### **Non-Executive and Independent Directors:**

Sri T. Panduranga Rao                      Chairman

Dr. M.R. Naidu

Sri S.V. Narasimha Rao

Sri V. Ashok

Sri Ramanan Ramamurti

Sri Satish Malladi

None of the Directors are related to each other.

Sri D. Seshagiri Rao resigned as director on 27th July, 2009.

Your Directors regret to inform that Sri M. Ramaiah, Director of the Company expired on January 26, 2009.

#### **Directors' Profile:**

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:

Sri Panduranga Rao and Sri S. V. Narasimha Rao, Directors, retire by rotation at the forthcoming Annual General Meeting, and being eligible, seek re-appointment.

Sri Ramanan Ramamurti and Sri Satish Malladi were appointed as Additional Directors on the Board on July 27, 2009, and seek election at the forthcoming Annual General Meeting.

#### **Sri T. Panduranga Rao:**

Sri T. Panduranga Rao has been associated with the Company as a Director for more than a decade. He was a professional banker with over four decades of experience. He worked as Chief General Manager of State Bank of India, and was also Managing Director of State Bank of Patiala, and Chairman of Industrial Reconstruction Bank of India. He was earlier on the Board of IDBI and was also Chairman of Karnataka State Warehousing Corporation. After retirement, he was on the Board of several companies, but he had relinquished all of them, retaining only the Director & Chairman position in Nile Limited. He is a member in none of the committees in other companies.

#### **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 a whole time 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 & 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 a great deal 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. 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.

**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 of Suven Life Sciences Limited, and is also a member of the Audit Committee in Suven Life Sciences 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 of commercial and managerial functions. He is a member in none of the committees in other companies.

**Sri Ramanan Ramamurti:**

Mr. Ramanan is an engineering graduate from IIT Madras. He has over 30 years of experience in such diverse organizations as BHEL, OMC Computers, SEEC Singapore, Astra Microelectric Technologies, and SQL Star International. His expertise covers a wide gamut, and includes manufacturing, software

development, as well as marketing. He is now an advisor to SRAOSS India Private Limited.

**Sri Satish Malladi:**

Mr. 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. He migrated to the US in 1989, and now commutes between New York and Hyderabad. Mr Malladi now heads, and is a director in, Mashvill Sensors Private Limited, which manufactures special pressure transducers for aerospace applications.

**(ii) Board Meetings:**

During 2008-09, the Board of Directors met six (6) times on the following dates:

Sl.No.	Date of Board Meeting
1	30.04.2008
2	26.07.2008
3	18.08.2008
4	28.09.2008
5	27.10.2008
6	31.01.2009

(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 T. Panduranga Rao	6	No	None	None	None
Sri V. Ramesh	6	Yes	None	None	None
Dr. M. R. Naidu	3	Yes	1	1	None
Sri S.V. Narasimha Rao	5	Yes	1	None	None
Sri D. Seshagiri Rao*	3	No	None	None	None
Sri V. Ashok	2	No	1	None	None
Sri K. V. Ramana*	3	NA	None	None	None
Sri V. Sridharan*	2	NA	None	None	None
Sri V. S. Prasad**	0	NA	2	None	None
Sri M. Ramaiah**	4	No	None	None	None

\* Sri K. V. Ramana, and Sri V. Sridharan resigned as Directors on 26th July, 2008, and Sri D. Seshagiri Rao resigned as Director on 27th July, 2009.

\*\* Sri V. S. Prasad passed away on 20th May 2008, and Sri M. Ramaiah passed away on 26th January 2009.

iv) Details of non-executive directors' shareholding:

Sri T. Panduranga Rao                      1500 equity shares of Rs.10 each



**3) AUDIT COMMITTEE:**

Presently, the Audit Committee consists of 3 Non-Executive Independent Directors with Sri T. Panduranga Rao as Chairman, Sri S. V. Narasimha Rao and Sri V. Ashok as members. Company Secretary of the Company acts as Secretary of the Committee.

Sri D. Seshagiri Rao resigned as Director on 27th July, 2009. Accordingly, his membership in the Audit Committee ceased on the same day.

Until the demise of Sri M. Ramaiah, the Audit Committee consisted of Sri T. Panduranga Rao as Chairman, with Sri S. V. Narasimha Rao and Sri M. Ramaiah as members.

**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 recommend appointment of the statutory auditors and their remuneration. Company Secretary is the Secretary of the Committee.

The Audit Committee met four times during the year 2008-09. Details of the attendance of each member at the Audit Committee meetings are as follows:

Name of the Director	Dates of Audit Committee Meetings			
	30.04.02008	26.07.2008	27.10.2008	31.01.2009
Sri T. Panduranga Rao	Yes	Yes	Yes	Yes
Sri S.V. Narasimha Rao	Yes	Yes	Yes	Yes
Sri M. Ramaiah*	Yes	Yes	No	NA
Sri D. Seshagiri Rao <sup>§</sup>	NA	NA	NA	No
Sir V. Ashok <sup>§</sup>	NA	NA	NA	No

\* Sri M. Ramaiah passed away on 26th January 2009

§ Sri D. Seshagiri Rao and Sri V. Ashok were inducted to the Audit Committee on 31st January 2009.

**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 Executive 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 T. Panduranga Rao as Chairman and Sri S. V. Narasimha Rao, and Sri V. Ashok as members.

Sri D. Seshagiri Rao resigned as Director on 27th July, 2009. Accordingly, his membership in the Remuneration Committee ceased on the same day.

On the sad demise of Sri M. Ramaiah on 26th January, 2009 the Remuneration Committee was re-constituted on 31st January 2009.

Before such reconstitution, the Remuneration Committee consisted of 3 Non-Executive Directors with Sri T. Panduranga Rao as Chairman, with Sri M. Ramaiah and Sri D. Seshagiri Rao as members.

The Remuneration Committee met on 26th July 2008 during the year 2008-09, and all the members were present.

Particulars of remuneration paid to the Board of Directors for the year ended 31st March, 2009 are given below:

Name of the Director	Remuneration (in Rupees)				
	Sitting fees	Salary	Perquisite	Commission	Total
<b>Executive Directors</b>					
Sri V.Ramesh	Nil	31,72,593	3,59,398	Nil	3,531,991
Sri K.V.Ramana <sup>§</sup>	Nil	2,75,639	26,649	Nil	3,02,288
Sri V.Sridharan <sup>§</sup>	Nil	2,75,639	35,060	Nil	3,10,699

<sup>§</sup> Sri K. V. Ramana, and Sri V. Sridharan had resigned as Directors on 26th July, 2008.

Non-Executive Directors	Sitting fees
Sri T. Panduranga Rao	30,000
Dr. M.R.Naidu	10,500
Sri S.V.Narasimha Rao	23,500
Sri D. Seshagiri Rao	11,500
Sri V. Ashok	7,000
Sri V.S.Prasad*	Nil
Sri M.Ramaiah*	17,000

\* Sri V. S. Prasad passed away on 20th May 2008, and Sri M. Ramaiah passed away on 26th January 2009.

#### 5) SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:

The Shareholders / Investors Grievance Committee consists of 3 directors with 2 Non-Executive Directors and one Executive Director. Sri T. Panduranga Rao as Chairman, Sri S. V. Narasimha Rao, and Sri V. Ramesh, as members to deal with investors' complaints regarding transfer/ transmission of shares, non-receipt of certificates, dividends, annual reports, dematerialisation of shares and such other matters.

Sri D. Seshagiri Rao resigned as Director on 27th July, 2009. Accordingly, his membership in the Shareholders' / Investor's Grievance Committee ceased on the same day.

During the year, the committee met four times. Two (2) complaints received during the year have been resolved, and no complaint was pending as on 31st March, 2009. Company Secretary of the Company acts as the Compliance Officer.



**6) GENERAL BODY MEETINGS:**

Details of last three Annual General Meetings:

<b>Financial Year</b>	:	2005 - 2006
Venue	:	Registered Office Industrial Estate, Nacharam, Hyderabad - 500 076.
Date	:	19.06.2006
Time	:	10 A.M.
Special Resolutions passed	:	
<b>Financial Year</b>	:	2006 - 2007
Venue	:	Registered Office Industrial Estate, Nacharam, Hyderabad - 500 076.
Date	:	12.07.2007
Time	:	10.30 A.M.
Special Resolutions passed	:	
<b>Financial Year</b>	:	2007 - 2008
Venue	:	J. S. Krishnana Murthy Hall FAPCCI, Federation House, Red Hills, Hyderabad - 500 004.
Date	:	30.09.2008
Time	:	10.30 A.M.
Special Resolutions passed	:	

No Special Resolution requiring approval through postal ballot was passed during the above three years. No special resolution which requires approval through postal ballot is proposed at the ensuing AGM.

**7) DISCLOSURES:**

**a) Related Party transactions:**

Names of the related parties and description of relationship:

(i) Key Management Personnel:

- (a) Sri V. Ramesh, Managing Director
- (b) Sri K.V. Ramana, Director (Finance)\*
- (c) Sri V. Sridharan, Director (Technical)\*
- (d) Dr. M. R. Naidu
- (e) Sri D. S. Rao

\*Ceased to be Directors from July 26, 2008.

(ii) Names of the other related parties:

- (a) Smt. D. Bharati Devi (b) Smt. D. Hyma
- (c) Ms. Hema Sridharan (d) Smt. V. Hemalatha
- (e) Smt. V. Rajeswari (f) Sri Sandeep Ramesh (g) Smt. V. Shilpa

(iii) Associates - NIL

Details of transactions with related parties during the year:

(Rs. In Lakhs)

Particulars of transaction	Key Management Personnel	Related Parties	Associates	Total
i) Managerial Remuneration	41.45	Nil	Nil	41.45
ii) Interest on unsecured loans & fixed deposits to related parties	0.08	10.33	Nil	10.41
Amount outstanding from related parties	Nil	Nil	Nil	Nil
Amount payable to related parties	Nil	22.54	Nil	22.54
Amount written off or written back	Nil	Nil	Nil	Nil
Consultancy Fees	Nil	1.80	Nil	1.80

**b) Strictures and penalties:**

No penalty or strictures have been imposed on the Company by either Stock Exchange or SEBI or any statutory authority for non-compliance on any matter related to capital markets during the last three years.

**c) Compliance:**

At every Board Meeting, a statement of compliance with all Laws and regulations as certified by the Director (Finance) / Chief Financial Officer and the Company Secretary is placed for noting by the Board. The Board reviews the compliance with all the applicable Laws and gives appropriate directions, wherever necessary.

**d) Code of Conduct:**

The Board of Directors have laid down a "Code of Conduct" for all the board members and the senior management of the Company, and the Code of Conduct has been posted on the web site of the Company. Annual declaration is obtained from every person covered by the Code of Conduct.

**e) CEO Certification**

The CEO have given a certificate to the Board as contemplated in clause 49 of the listing agreement.

**f) Adoption of Non-Mandatory Requirements of Clause 49:**

Board has constituted a Remuneration Committee with three Directors, all of whom are Non-Executive and Independent Directors including the Chairman. The Committee recommends the remuneration of the Executive Directors.

**8) MEANS OF COMMUNICATION:**

The quarterly, half yearly and annual results of the Company in the prescribed format are published in the following newspapers.

- i. Business Standard/Financial Express (English)
- ii. Andhra Bhoomi/Andhra Prabha (Vernacular language)

There is no practice of sending quarterly results to the households of shareholders.

As per clause 51 of the listing agreement financial results and quarterly shareholding pattern and compliance reports on Corporate Governance are filed on the EDIFAR web site ([www.sebiedifar.nic.in](http://www.sebiedifar.nic.in)) maintained by National Informatics Center.

Management Discussion and Analysis Report is annexed to the Directors' report, and forms part of the Annual Report.





**9) GENERAL SHAREHOLDERS INFORMATION:**

- i) 25th Annual General Meeting : September 30, 2009  
Venue : Registered Office of the Company at Road No.7, Industrial Estate, Nacharam, Hyderabad - 500076.
- ii) Financial Calendar : The Company follows April to March as its financial year. The financial results are declared, as per the provisions of Listing Agreement.
- iii) Date of Book Closure : September 23, 2009 to September 30, 2009. (both days inclusive)
- iv) Listing on Stock Exchange : The Bombay Stock Exchange Ltd., Mumbai
- vi) Company Stock Code : BSE 530129  
Demat ISIN Numbers in NSDL & CDSL : INE445D01013
- vii) Stock market data : The monthly high and low quotations of the Company's shares at The Bombay Stock Exchange Limited, Mumbai (BSE) during the year under review are as under:

Month	High (Rs.)	Low (Rs.)
April, 2008	176.15	127.05
May, 2008	160.00	119.00
June, 2008	132.50	92.00
July, 2008	104.50	77.25
August, 2008	102.00	82.50
September, 2008	97.50	73.00
October, 2008	77.90	42.80
November, 2008	66.50	48.00
December, 2008	65.00	47.00
January, 2009	65.65	50.75
February, 2009	59.80	48.00
March, 2009	56.00	41.05

viii) Registrar and Share Transfer Agents:

**M/s.XL Softech Systems Limited**

3, Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500 034.

Ph:040-23545913/14/15, Fax:040-23553214

E-mail: xlinvest@xlsoftech.com

ix) Share Transfer System:

Transfer of securities in physical form is registered and, duly transferred share certificates are dispatched within 30 days from receipt, provided the documents are in order.

With regard to the shares in Demat mode, the procedure adopted is as per the provisions of Depositories Act, 1996.

## x) Distribution of Shareholding as on 31.03.2009:

Share holdings of Nominal value of Number of shares held	Shareholders		Share amount	
	No.	%	In Rs.	%
Upto 100	1,912	62.12	12,25,810	4.08
101 - 200	471	15.30	8,67,180	2.89
201 - 300	189	6.14	5,25,910	1.75
301 - 400	85	2.76	3,25,290	1.08
401 - 500	142	4.61	7,00,240	2.33
501 - 1000	123	4.00	10,17,670	3.39
1001 - 2000	64	2.08	9,32,110	3.11
2001 - 3000	29	0.94	7,60,900	2.53
3001 - 4000	6	0.19	2,19,190	0.73
4001 - 5000	17	0.55	7,91,990	2.64
5001 - 10000	14	0.46	11,10,270	3.70
10001 and above	26	0.85	2,15,42,440	71.77
<b>TOTAL</b>	<b>3,078</b>	<b>100.00</b>	<b>3,00,19,000</b>	<b>100.00</b>

## xi) Shareholding pattern as on 31.03.2009:

Category	No. of shares	% of total capital
<b>Promoter and Promoter group</b>	13,67,284	45.55
<b>Institutions</b>		
Mutual Funds/UTI	1,75,000	5.83
Financial Institutions and banks	1,91,200	6.37
<b>Non-Institutions</b>		
Bodies Corporate	79,249	2.64
Individuals	10,38,395	34.58
<b>Others</b>		
NRI	1,50,567	5.02
Clearing Members	205	0.01
<b>Total</b>	<b>30,01,900</b>	<b>100.00</b>

## xii) Dematerialisation of shares and liquidity:

As on 31st March, 2009, 66.02% (19,81,983 equity shares) of paid up capital has been dematerialised.

## xiii) The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments.

## xiv) Plant locations:

<b>Glass Lining</b>	: Industrial Estate, Nacharam, Hyderabad - 500 076.
<b>Lead</b>	: 1. Survey No. 556, Panthangi (Village) Choutuppal (Mandal), Nalgonda (District) - 508 252. 2. Plot No. 38 & 40 APIIC Industrial Park, Gajulamandyam (Village) Renigunta (Mandal), Chittoor (District) - 517 520.
<b>Windfarm</b>	: Ramagiri (P.O.), Dharmavaram (Mandal), Ananthapur (District) - 515 672

## xv) Address for Communication

: NILE Limited,  
Industrial Estate, Nacharam, Hyderabad - 500 076.

For and on behalf of the Board

Place : Hyderabad  
Date : 27th July, 2009

**T. Panduranga Rao**  
Chairman



## Declaration of Code of Conduct

This is to confirm that the Board has laid down a Code of Conduct for all Board members and senior management personnel of the Company. This Code of Conduct has also been posted on the web site of the Company. It is further confirmed that all Directors and senior management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended on 31st March 2009, as envisaged in clause 49 of the listing agreement with Stock Exchange.

Place : Hyderabad  
Date : 27th July, 2009

**V. Ramesh**  
Managing Director

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## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of  
NILE Limited

We have examined the compliance of conditions of Corporate Governance by NILE Limited ("the Company") for the year ended on 31st March 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to review of the procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Sarathy & Balu  
Chartered Accountants

Place : Hyderabad  
Date : 27th July, 2009

**J. Venkateswarlu**  
Partner  
ICAI Ms. No. 022481

**AUDITORS' REPORT**

To  
The Members of NILE LIMITED

1. We have audited the attached balance sheet of NILE LIMITED as at 31st March 2009, and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, as amended from time to time, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to this Company.
4. Further to our comments in the Annexure referred to above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
  - (iii) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
- (iv) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, (the 'Act') to the extent applicable.
- (v) On the basis of written representations received from the Directors, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as at 31st March 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
- (vi) As the Central Government has not notified the effective date for levy and collection of cess U/s.441A of the Companies Act, 1956, we are of the opinion that the company is not liable to pay the said cess for the year under report and hence our comments on the regularity or otherwise of the company in this regard are nil.
- (vii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March 2009;
  - (b) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
  - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

for SARATHY & BALU  
Chartered Accountants

Place: Hyderabad  
Date: 27.07.2009

J. VENKATESWARLU  
Partner  
ICAI Ms. No.022481



## Annexure to the Auditors' Report dated 27/07/2009

The annexure referred to in the Auditors' Report to the Members of NILE Limited ("the Company") for the year ended 31st March, 2009

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) As per the information and explanations furnished to us, the company's fixed assets have been physically verified by the management at reasonable intervals as per a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets and no material discrepancies were noticed on such verification.
- (c) As per the information and explanations given to us and as per the books of account audited by us, the Company's fixed assets disposed off during the year were not substantial and therefore do not affect the going concern status of the Company.
- (ii) (a) As per the information and explanations furnished to us, the inventory has been physically verified by the management during the year at reasonable intervals. In our opinion, the frequency of verification is reasonable and adequate.
- (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) Based on the examination of records produced for our verification, we are of the opinion that the Company is maintaining proper records of inventory. No material discrepancies were noticed on physical verification between the physical stocks and the book stocks.
- (iii) (a) As per the information and explanations furnished to us and as per the books of account audited by us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Hence, clauses (iii)(b), (iii)(c) and (iii)(d) of paragraph 4 of the CARO'03 are not applicable to this company.
- (b) The Company had taken unsecured loans and fixed deposits from nine persons covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year in these transactions was Rs.113.77 lacs and the year-end balance of loans taken from such parties was Rs.22.54 lacs.
- (c) In our opinion, the rate of interest and other terms and conditions on which the above unsecured loans have been taken from the parties listed in the register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
- (d) In our opinion and as per the information and explanations given to us, the company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business, with regard to purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the company nor have we been informed of any such continuing failures.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or

arrangements that need to be entered in the register maintained under Sec.301 of the Companies Act, 1956 have been so entered.

- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and exceeding the value of Rs.5.00 lacs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Sections 58A, 58AA and other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal against this company in any matter relating to the public deposits.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) According to the information and explanations given to us, the Central Government has prescribed maintenance of cost records U/s.209(1)(d) of the Companies Act, 1956 to the Lead Unit of the company and we have broadly reviewed the said records maintained by the company and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- (ix) (a) According to the information and explanations furnished to us and as per the records of the company:-
- (1) the company is regular in depositing the undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth-Tax, Service Tax, Custom Duty, Excise-Duty and other statutory dues as applicable to it with the appropriate authorities. As the Govt. has not notified the Rules U/s.441A of the Act, the company is not liable to pay the cess and hence our comments on the regularity or otherwise are nil.
  - (2) As per the information and explanations furnished to us, the company is not required to transfer any amount to the investor education and protection fund during the year under audit.
  - (3) There are no undisputed arrears of statutory dues as at 31/3/2009 which are outstanding for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Wealth-Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited on account of any dispute.
- (x) The company has no accumulated losses as at the end of the financial year and it has incurred cash losses during the financial year covered by our audit and has not incurred any cash losses in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank. The company has not issued debentures.
- (xii) Based on our examination of documents and records and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Hence, maintenance of adequate documents and records for such loans and advances is not applicable.



- (xiii) In our opinion and according to the information and explanations given to us, the Company is not chit a fund or a nidhi/mutual benefit fund/society. Therefore, provisions of paragraph 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to this Company.
- (xiv) In our opinion, and as per the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, provisions of Paragraph 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to this Company.
- (xv) According to the information and explanations given to us, during the period covered under audit, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) In our opinion, the term loans availed during the year under audit have been applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an over all examination of the balance sheet of the company during the period covered under audit, no funds raised on short term basis have been used for long term investment.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the Company has not issued any debentures and hence creation of security or charge for the same is not applicable.
- (xx) According to the information and explanations furnished to us, during the period covered under audit, the Company has not raised any money by public issues. Therefore, provisions of Paragraph 4(xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to this company.
- (xxi) According to the information and explanations given to us and on the basis of our examination of the books of account, during the year under audit, no fraud on or by the Company has been noticed or reported.

for SARATHY & BALU  
Chartered Accountants

Place: Hyderabad

Date: 27.07.2009

J. VENKATESWARLU

Partner

ICAI Ms. No.022481

BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2009

Particulars	Schedule No.	As at 31.03.09		As at 31.03.08	
		Rs.	Rs.	Rs.	Rs.
<b>I. SOURCES OF FUNDS:</b>					
<b>1. Shareholders' Funds</b>					
(a) Share Capital - Equity	1	3,00,19,000		3,00,19,000	
(b) Reserves and Surplus	2	22,18,60,315		24,54,81,012	
			25,18,79,315		27,55,00,012
<b>2. Loan Funds</b>					
(a) Secured Loans	3	31,21,57,723		16,40,64,700	
(b) Unsecured Loans	4	4,53,87,906		4,59,79,867	
			35,75,45,629		21,00,44,567
3. Deferred Tax	5		1,60,54,181		1,62,98,249
TOTAL			62,54,79,125		50,18,42,828
<b>II. APPLICATION OF FUNDS:</b>					
<b>1. Fixed assets</b>					
(a) Gross Block	6	27,16,93,723		26,32,98,518	
(b) Less: Depreciation		12,62,97,363		11,58,88,325	
(c) Net Block		14,53,96,360		14,74,10,193	
(d) Capital Work-in-progress		13,10,61,358		96,59,189	
			27,64,57,718		15,70,69,382
2. Investments	7		86,52,150		-
<b>3. Current Assets, Loans and Advances:</b>					
(a) Inventories	8	37,46,50,177		34,97,01,814	
(b) Sundry Debtors		3,76,93,676		9,67,30,125	
(c) Cash and Bank Balances		1,55,31,285		1,83,51,373	
(d) Other Current Assets		1,65,15,629		55,30,403	
(e) Loans and Advances		4,46,53,533		3,81,95,327	
		48,90,44,300		50,85,09,042	
Less: Current Liabilities and Provisions	9				
a) Current Liabilities		14,47,47,235		14,08,55,468	
b) Provisions		39,27,808		2,28,80,128	
		14,86,75,043		16,37,35,596	
Net current assets			34,03,69,257		34,47,73,446
TOTAL			62,54,79,125		50,18,42,828
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	17				

Schedules referred to above form an integral part of the Balance Sheet.

This is the Balance sheet referred to in our report of even date attached.

For and on behalf of the Board

for Sarathy & Balu  
Chartered Accountants

T. Panduranga Rao  
Chairman

V. Ramesh  
Managing Director

J. Venkateswarlu  
Partner  
ICAI Ms No. 022481  
Place : Hyderabad  
Date : 27.07.2009

Bikram Keshari Prusty  
Company Secretary





**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009**

Particulars	Schedule No.	Year ended: 31.03.09		Year ended 31.03.08	
		Rs.	Rs.	Rs.	Rs.
<b>INCOME:</b>					
Sales	10	106,30,68,790		1,31,33,40,884	
Less: Central Excise Duty		10,65,98,678		16,03,90,795	
Net Sales			95,64,70,112		1,15,29,50,089
Increase/(Decrease) in stocks	11		58,54,217		5,08,27,953
Other Income	12		2,44,18,674		28,08,865
<b>TOTAL</b>			<u>98,67,43,003</u>		<u>1,20,65,86,907</u>
<b>EXPENDITURE:</b>					
Manufacturing expenses	13		87,56,03,687		97,58,89,815
Payments and benefits to employees	14		5,38,74,368		4,67,33,617
Administration, Selling & General expenses	15		3,16,31,814		3,04,33,416
Finance charges & Interest	16		3,62,75,515		3,28,89,100
Depreciation	6	13525899		1,40,66,315	-
Less: Transfer from revaluation reserve		2024712	1,15,01,187	25,98,283	1,14,68,032
<b>TOTAL</b>			<u>1,00,88,86,571</u>		<u>1,09,74,13,980</u>
Profit/(Loss) before tax for the year			(2,21,43,568)		10,91,72,927
Provision for tax :					
- Current Tax			-	3,81,59,005	
- Deferred Tax (asset)/Liability		(2,44,068)		(2,42,377)	
- Fringe Benefit Tax		3,66,096	1,22,028	3,00,156	3,82,16,784
Profit/(Loss) after tax, but before prior year adjustments			(2,22,65,596)		7,09,56,143
Add/(Less) Prior period adjustments			6,76,331		(63,82,881)
Profit/(Loss) for the year			(2,15,89,265)		6,45,73,262
Add/(less) Surplus in P&L A/c brought forward			8,61,76,061		4,28,51,091
Amount available for appropriations			<u>6,45,86,796</u>		<u>10,74,24,353</u>
<b>APPROPRIATIONS:</b>					
General Reserve			-		72,00,000
Interim Dividends on equity shares			-		90,05,700
Income Tax on interim Dividends			-		15,30,519
Final Dividend			-		30,01,900
Income Tax on Final Dividend			-		5,10,173
Balance carried to Balance Sheet			6,45,86,796		8,61,76,061
			<u>6,45,86,796</u>		<u>10,74,24,353</u>
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS</b>					
	17				
<b>COMPUTATION OF EARNINGS PER SHARE:</b>					
a) Net profit/(loss) for the year			(-)Rs.2,15,89,264		Rs.6,45,73,262
b) Weighted average number of equity shares outstanding during the year			30,01,900		30,01,900
c) Basic and diluted earnings per share (a/b)			(-)Rs.7/-		Rs.22/-
d) Nominal value of each share (fully paid up)			Rs.10/-		Rs.10/-

Schedules referred to above form an integral part of the Profit & Loss Account.

This is the Profit & Loss Account referred to in our report of even date attached.

For and on behalf of the Board

for Sarathy & Balu  
Chartered Accountants

T. Panduranga Rao  
Chairman

V. Ramesh  
Managing Director

J. Venkateswarlu  
Partner  
ICAI Ms No. 022481

Bikram Keshari Prusty  
Company Secretary

Place : Hyderabad  
Date : 27.07.2009

## SCHEDULES FORMING PART OF THE BALANCE SHEET &amp; PROFIT AND LOSS A/C.

Particulars	As at 31.03.09		As at 31.03.08	
	Rs.	Rs.	Rs.	Rs.
<b>1. SHARE CAPITAL:</b>				
<b>Authorised:</b>				
50,00,000 Equity shares of Rs.10/- each (Previous year 50,00,000 Equity shares of Rs.10/- each)		<u>5,00,00,000</u>		<u>5,00,00,000</u>
<b>Issued,Subscribed and Paid up:</b>				
30,01,900 Equity shares of Rs. 10/- each fully paid up (previous year 30,01,900 shares of Rs.10 each fully paid up)		<u>3,00,19,000</u>		<u>3,00,19,000</u>
[Out of the above, 5,35,500 equity shares of Rs.10/- each were allotted as fully paid bonus shares by capitalisation of profits during the year 1994-95]		<u>3,00,19,000</u>		<u>3,00,19,000</u>
<b>2. RESERVES AND SURPLUS:</b>				
i) Securities Premium Account (as per last Balance Sheet)		10,92,88,128		10,92,88,128
ii) Revaluation Reserve: As per last Balance Sheet	2,86,16,823		3,13,07,287	
Less: (a) Withdrawn towards depreciation on revalued assets	20,24,712		25,98,283	
(b) Deduction on disposal of revalued assets	6,720		92,721	
Closing Balance		2,65,85,391		2,86,16,823
iii) General Reserve: As per last Balance Sheet	1,54,00,000		82,00,000	
Add: Transferred from P & L Account	=		72,00,000	
Closing Balance	1,54,00,000			1,54,00,000
iv) Investment Subsidy - As per last Balance Sheet		60,00,000		60,00,000
v) Surplus in Profit & Loss Account		6,45,86,796		8,61,76,061
<b>TOTAL</b>		<u>22,18,60,315</u>		<u>24,54,81,012</u>
<b>3. SECURED LOANS:</b>				
(A) Loans and Advances from Banks:				
(a) Cash credit		24,76,07,202		15,01,36,716
(b) Term Loans		6,40,77,844		1,29,99,980
(B) Loans and Advances from others : Hire Purchase Loans		4,72,677		9,28,004
<b>TOTAL</b>		<u>31,21,57,723</u>		<u>16,40,64,700</u>
<b>4. UNSECURED LOANS:</b>				
Sales Tax Deferment Loan from Govt. of A.P.		4,10,85,162		4,12,65,607
Fixed Deposits		43,02,744		47,14,260
<b>TOTAL</b>		<u>4,53,87,906</u>		<u>4,59,79,867</u>
<b>5. DEFERRED TAX:</b>				
Opening Balance		1,62,98,249		1,65,40,626
Less: Deferred Tax liability/(asset) for the year		(2,44,068)		(2,42,377)
<b>TOTAL</b>		<u>1,60,54,181</u>		<u>1,62,98,249</u>

## SCHEDULES CONTINUED ...

## 6. FIXED ASSETS

(Amount in Rupees)

Sl. No.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01.04.2008	Additions	Deductions	Total as at 31.03.2009	Upto 31.03.2008	For the year	On deductions	Total upto 31.03.2009	As at 31.03.2009	As at 31.03.2008
1	Freehold Land	1,26,20,412	33,87,190	-	1,60,07,602	-	-	-	-	16007602	1,26,20,412
2	Buildings	8,71,83,004	56,21,288	8,57,522	9,19,46,770	2,43,15,461	29,54,143	1,17,371	2,71,52,233	6,47,94,537	6,28,67,543
3	Plant & Machinery	14,67,67,265	36,45,097	42,78,162	14,61,34,200	8,29,16,224	92,25,910	28,82,303	8,92,59,831	5,68,74,369	6,38,51,041
4	Office Equipment	83,86,821	4,52,848	1,17,990	87,21,679	56,69,616	6,63,786	1,17,187	62,16,215	25,05,464	27,17,205
5	Furniture & Fittings	22,41,953	-	-	22,41,953	17,95,736	80,765	-	18,76,501	3,65,452	4,46,217
6	Vehicles	60,99,063	5,42,456	-	66,41,519	11,91,288	6,01,295	-	17,92,583	48,48,936	49,07,775
	<b>TOTAL</b>	26,32,98,518	1,36,48,879	52,53,674	27,16,93,723	11,58,88,325	1,35,25,899	31,16,861	12,62,97,363	14,53,96,360	14,74,10,193
	Previous year	27,74,04,500	1,12,36,501	2,53,42,483	26,32,98,518	12,54,26,531	1,40,66,315	2,36,04,521	11,58,88,325	14,74,10,193	15,19,77,969

## 6A. CAPITAL WORKS-IN-PROGRESS

Sl.No.	Description	As at 01.04.2008	Additions	Deductions	Total As at 31.03.2009
a)	<b>Lead unit at Tirupati</b>	Rs.	Rs.	Rs.	Rs.
1.	Advance for Land to APIIC	60,79,270	67,92,063	0	1,28,71,333
2.	Buildings under construction	3,65,400	5,47,43,394	3,65,400	5,47,43,394
3.	Unallocated project expenditure	23,59,473	5,83,50,392	10,860	6,06,99,005
b)	<b>Expansion works at other plants</b>	8,55,046	46,41,882	27,49,302	27,47,626
	<b>TOTAL</b>	96,59,189	12,45,27,731	31,25,562	13,10,61,358
	Previous year	-	96,59,189	-	96,59,189



## SCHEDULES CONTINUED ...

Particulars	As at 31.03.09 Rs.	As at 31.03.08 Rs.
<b>7. INVESTMENTS:</b>		
Equity shares - Long-term - Unquoted - At cost		
Investment in GLW Ltd - a joint venture company. (18.63% of Joint Venture's Capital) [Prev. year - Nil -]	86,52,150	-
	<u>86,52,150</u>	<u>-</u>
<b>8. CURRENT ASSETS, LOANS &amp; ADVANCES:</b>		
<b>(a) Inventories</b>		
Raw materials	12,52,72,092	10,80,59,981
Stores and spares	1,39,64,156	1,20,82,121
Stock - in - process	22,66,19,258	20,08,30,164
Finished goods	87,94,671	2,87,29,548
<b>TOTAL</b>	<u>37,46,50,177</u>	<u>34,97,01,814</u>
<b>(b) Sundry Debtors</b>		
(Debts considered good for which the company holds no security other than the debtor's personal security)		
Debts outstanding for a period exceeding six months	32,34,367	8,66,867
Other debts	3,44,59,309	9,58,63,258
<b>TOTAL</b>	<u>3,76,93,676</u>	<u>9,67,30,125</u>
<b>(c) Cash and Bank Balances</b>		
(I) Cash on hand	1,25,724	1,06,864
(ii) Balance with scheduled banks:		
(a) in Current Accounts	1,37,844	1,42,157
(b) in Deposit Accounts	60,46,392	87,82,476
(c) in Unclaimed Dividend Accounts	92,21,325	78,19,876
(iii) Cheques on Hand	-	15,00,000
<b>TOTAL</b>	<u>1,55,31,285</u>	<u>1,83,51,373</u>
<b>(d) Other Current Assets</b>		
Deposits for Power and other services	61,39,430	52,05,616
Interest accrued on deposits with banks and others	3,76,199	3,24,787
Claims receivable on settlement of disputes	1,00,00,000	-
<b>TOTAL</b>	<u>1,65,15,629</u>	<u>55,30,403</u>
<b>(e) Loans and Advances</b>		
(Advances considered good for which the company holds no security other than the parties personal security)		
Advances recoverable in cash or in kind or for value to be received:		
Prepaid expenses	9,09,164	6,69,631
Advance for : Expenses	3,72,133	9,59,896
: Purchases	38,83,415	93,11,571
: Capital Expenditure	7,56,603	30,82,868
Advance for subscription of shares in Joint Venture Company	4,63,910	40,15,000
Staff advances	1,79,590	1,53,201
Balance with Central Excise Dept.	3,49,28,340	1,76,52,726
Income-tax paid under protest (pending disposal of appeals)	22,90,003	22,90,003
Income-tax refund due	8,70,375	60,431
<b>TOTAL</b>	<u>4,46,53,533</u>	<u>3,81,95,327</u>



**SCHEDULES CONTINUED ...**

Particulars	As at 31.03.09 Rs.	As at 31.03.08 Rs.
<b>9. CURRENT LIABILITIES AND PROVISIONS:</b>		
<b>A. Current Liabilities</b>		
(i) Sundry Creditors for Supplies & Services:		
-dues to small scale industrial undertakings	16,37,429	28,32,455
-dues to others	7,94,64,696	7,94,49,013
(ii) Sundry Creditors for capital goods (Non SSI)	1,22,21,282	-
(iii) Other Liabilities	1,37,89,141	2,46,55,505
(iv) Advances received against supplies	2,84,13,362	2,60,98,619
(v) Unclaimed Dividend	92,21,325	78,19,876
<b>TOTAL</b>	<u>14,47,47,235</u>	<u>14,08,55,468</u>
<b>B. Provisions</b>		
(i) Provision for Gratuity	13,32,764	15,73,651
(ii) Provision for Excise Duty (on closing stocks)	6,69,513	36,20,696
(iii) Provision for Income tax (net of advance tax - FBT)	51,096	89,06,846
(iv) Provision for Leave Encashment	18,74,435	17,54,789
(v) Proposed Dividend	-	60,03,800
(vi) Income Tax on Proposed Dividend	-	10,20,346
<b>TOTAL</b>	<u>39,27,808</u>	<u>2,28,80,128</u>

**SCHEDULES CONTINUED ...**

Particulars	Year Ended 31.03.2009 Rs.	Year Ended 31.03.2008 Rs.
<b>10. SALES :</b>		
<b>I. Glass Lined Equipment</b>		
(a) Domestic Sales	38,13,14,508	33,99,50,863
(b) Export Sales	1,33,30,626	83,60,763
(c) Packing charges collections	6,30,096	5,57,797
(d) Sale of Scrap	32,09,591	21,49,556
(e) Fabricated Equipment	-	7,40,24,000
	<u>39,84,84,821</u>	<u>42,50,42,979</u>
<b>II. Lead</b>		
(a) Domestic Sales	58,75,28,289	84,70,79,458
(b) Export Sales	3,92,99,055	3,24,04,351
(c) Sale of Scrap	-	4,858
(d) Jobwork charges	2,96,84,464	3,52,560
	<u>65,65,11,808</u>	<u>87,98,41,227</u>
<b>III. Wind energy</b>		
(a) Wind Power Sales	80,72,161	84,56,678
<b>TOTAL</b>	<u>1,06,30,68,790</u>	<u>1,31,33,40,884</u>

## SCHEDULES CONTINUED ...

Particulars	Year Ended 31.03.2009 Rs.	Year Ended 31.03.2008 Rs.
<b>11. INCREASE/(DECREASE) IN STOCKS:</b>		
Opening stocks:		
Finished goods	2,87,29,548	17,79,209
Work-in-progress	20,08,30,164	17,69,52,550
<b>TOTAL</b>	<u>22,95,59,712</u>	<u>17,87,31,759</u>
Less: Closing stocks:		
Finished goods	87,94,671	2,87,29,548
Work-in-progress	22,66,19,258	20,08,30,164
<b>TOTAL</b>	<u>23,54,13,929</u>	<u>22,95,59,712</u>
Increase/(decrease) in stocks	<u>58,54,217</u>	<u>5,08,27,953</u>
<b>12. OTHER INCOME :</b>		
Interest earned [(TDS Rs.130197/-) (Prev. Year Rs.1,49,320/-)]	7,69,654	8,99,653
Exchange Rate Fluctuation Charges	5,26,450	-
Excess provision of liabilities written in	11,413	90,675
Bad Debts recovered	33,37,607	18,13,664
Miscellaneous receipts	-	4,873
Unclaimed advances written in	87,73,550	-
Recovery of advances written off earlier	10,00,000	-
Amount received on settlement of dispute	1,00,00,000	-
<b>TOTAL</b>	<u>2,44,18,674</u>	<u>28,08,865</u>
<b>13. MANUFACTURING EXPENSES:</b>		
Raw materials consumed	74,91,20,610	85,28,13,879
Stores and Spares consumed	3,77,53,070	3,23,88,122
Job work charges	3,30,22,457	3,55,87,416
Power and Fuel	3,98,33,653	3,46,94,874
Repairs & Maintenance to Plant and Machinery	84,28,599	86,14,278
Packing material consumed	61,46,254	53,00,770
Quality testing charges	11,74,875	7,99,511
Other Manufacturing Expenses	15,97,636	10,77,612
Excise duty on increase/(decrease) of finished goods	(29,51,183)	33,68,967
Excise duty on others	18,449	31,035
Slag Disposal Charges	5,82,404	3,68,729
Windmills maintenance expenses	8,76,863	8,44,622
<b>TOTAL</b>	<u>87,56,03,687</u>	<u>97,58,89,815</u>

**SCHEDULES CONTINUED ...**

Particulars	Year Ended 31.03.2009 Rs.	Year Ended 31.03.2008 Rs.
<b>14. PAYMENTS AND BENEFITS TO EMPLOYEES:</b>		
Salaries and wages	4,28,77,507	3,47,10,148
Contribution to: - Provident Fund	34,00,661	26,50,590
- ESI Contribution	9,46,731	9,84,540
Staff Welfare Expenses	27,04,334	25,45,505
Gratuity	13,32,764	15,73,651
Bonus and Ex-gratia	17,64,253	34,52,016
Leave Encashment	8,48,118	8,17,167
<b>TOTAL</b>	<b>5,38,74,368</b>	<b>4,67,33,617</b>
<b>15. ADMINISTRATION, SELLING &amp; GENERAL EXPENSES:</b>		
Managerial remuneration	41,44,978	51,01,131
Directors' sitting fee	99,500	65,500
Rent	2,25,000	2,05,130
Rates and Taxes	3,73,877	2,40,101
Insurance	11,15,083	11,68,535
Travelling and Conveyance	20,80,123	23,36,485
Advertisement & Business promotion	10,89,565	6,47,634
Claims allowed to customers	10,637	4,15,025
Commission on Sales	62,23,022	17,77,622
Printing and Stationery	8,64,094	8,00,401
Communication expenses	9,61,468	10,08,290
Repairs and maintenance to:		
Buildings	4,27,021	14,53,802
Others	2,70,029	4,52,985
Vehicle maintenance	6,65,773	6,64,685
Professional charges	10,38,853	4,09,739
Payment to Auditors	2,25,015	1,60,792
Recruitment & Training of personnel	2,95,245	1,69,769
Loss on Sale and discarded/demolition of fixed assets	18,00,675	9,56,931
Carriage Outwards	89,49,503	1,04,28,812
Bad Debts Written Off	2,57,966	1,31,034
Books and Periodicals	87,065	2,05,114
Exchange Fluctuation charges	-	13,05,129
General charges	4,27,322	3,28,770
<b>TOTAL</b>	<b>3,16,31,814</b>	<b>3,04,33,416</b>
<b>16. FINANCE CHARGES AND INTEREST:</b>		
i) Interest		
a) On Fixed (Term) Loans to banks	9,81,003	13,69,574
b) On Other Loans		
- to Banks (on working capital)	2,88,01,022	2,18,61,210
- to Others	14,79,378	24,51,488
ii) Bank Charges	50,14,112	72,06,828
<b>TOTAL</b>	<b>3,62,75,515</b>	<b>3,28,89,100</b>

## 17. SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:

### A. SIGNIFICANT ACCOUNTING POLICIES:

#### (a) Basis of Preparation of Financial Statements:

Financial statements have been prepared and presented under the historical cost convention in accordance with the accounting principles generally accepted in India having due regard to fundamental accounting assumptions of going concern, consistency and accrual and comply with the Accounting Standards referred to in Sec.211 (3C) of the Companies Act, 1956 as applicable and with the relevant provisions of the Companies Act, 1956.

#### (b) Use of Estimates: The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.

#### (c) Revenue Recognition:

Revenue from sale of goods is recognized when significant risks and rewards in respect of ownership of products are transferred to customers. Revenue from domestic sales of products is recognized on dispatch of products. Revenue from export sales is recognized on shipment of products. Revenue from products is stated exclusive of returns, duties, taxes and applicable trade discounts and allowances.

Service income is recognized as per the terms of contract with customers when the related services are performed, or the agreed milestones are achieved.

#### (d) Fixed Assets:

Fixed assets are carried at the cost of construction or acquisition less accumulated depreciation. However, fixed assets which were revalued, were carried at revalued values.

The cost of fixed assets includes non-refundable taxes, duties, freight, borrowing costs and other incidental expenses related to the acquisition and installation of the respective assets.

Advances paid towards the acquisition of the fixed assets outstanding at each balance sheet date and the cost of fixed assets not ready for

their intended use before such date are treated as capital work-in-progress.

Fixed assets which are found to be not usable or retired from active use or when no further benefits are expected from their use, are removed from the financial statements and the difference if any, between the cost of such assets and the accumulated depreciation on those assets is charged to Profit & Loss Account.

#### (e) Depreciation:

Depreciation on Furniture & Fixtures and Office equipment is provided under Written Down Value (WDV) method and on other fixed assets under Straight-Line Method (SLM) at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

In the case of revalued assets, amount equivalent to the depreciation on the increased value of assets on account of revaluation is withdrawn from the Revaluation Reserve Account and credited to the Profit and Loss Account

#### (f) Impairment of Assets:

The company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. An asset is treated as impaired when the carrying cost exceeds its recoverable value. An impairment loss is charged to the Profit and Loss A/c in the year in which an asset is identified as impaired. The impairment loss recognized in a prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

#### (g) Employee Benefits:

Retirement benefits to employees comprise of payments under defined contribution plans like Provident Fund and payments under defined benefit scheme like Gratuity and Leave encashment.

Payments under defined contribution plans are charged to revenue on accrual. The liability in respect of defined benefit scheme is provided by taking a policy from LIC of India.

#### (h) Valuation of Inventories:

Inventories are valued at the lower of cost and net realizable value.





Cost is arrived at by using weighted average cost method and includes all costs of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

**(i) Investments:**

Investments intended to be held for more than one year are treated as long term and others as short-term. Short-term investments are carried at the lower of cost or quoted / fair value, computed category wise and long term investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary.

**(j) Prior period expenses/Income:**

The Company follows the practice of making adjustments through "expenses/income under/over provided" in previous years in respect of material transactions pertaining to that period prior to the current accounting year.

**(k) Tax Expense:**

Deferred tax resulting from "Timing Difference" between book and taxable profit is accounted for using the tax rates and laws that are enacted or substantively enacted as on the Balance Sheet date. Deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the asset will be realized in future.

Provision is made for Tax on Income, Dividend and Fringe Benefits as per the applicable provisions of Income Tax Act, 1961.

**(l) Foreign Exchange Transactions:**

Transactions denominated in foreign currency are accounted for initially at the exchange rate prevailing on the date of transaction. Foreign Currency monetary Assets and Liabilities are translated at year end exchange rates. Fluctuations, if any, due to change in exchange rates between the dates of transactions and the dates of crystallisation are debited / credited to Profit & Loss Account.

**(m) Borrowing Costs:**

Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

**(n) Provisions, Contingent Liabilities and Contingent Assets:**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes on accounts. Contingent Assets are neither recognized nor disclosed in the financial statements.

**(o) Earnings per Share:**

The basic Earnings Per Share ("EPS") is computed by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit after tax for the year and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**(p) General:**

Accounting policies not specifically referred to above are in consistent with the generally accepted accounting principles followed in India.

**B. NOTES ON ACCOUNTS:**

**1. Contingent liabilities:**

- (a) Bank Guarantees and Letters of Credit (which are not crystallized) issued by Bankers and not provided for Rs.9.09 crores (Previous year Rs.15.34 crores).
- (b) Amount claimed by suppliers but not accepted as liability, which is pending before the court - Rs.1.98 crores (Previous year Rs.1.98 crores).
- (c) Claims against the company not acknowledged as debts in respect of Income tax matters, pending decisions on appeals made by the company - Rs.22.90 lakhs (Previous year - Rs.22.90 lakhs).
- (d) Claims against the company not acknowledged as debts in respect of Service tax matters, pending decisions on appeals made by the company - Rs.3.20 lakhs (Previous year - Rs.1.91 lakhs).
- (e) Estimated value of works remaining to be executed on capital account and not provided for, net of advances - Nil (Previous year Rs.350.00 lakhs).

## 2. Secured Loans:

- (a) Working capital loan from Andhra Bank under open cash credit facility (limit Rs. 2500.00 lakhs) (Prev. year Rs.2000.00 lakhs) is secured by first charge on all raw materials, work-in-progress, finished goods, receivables and guaranteed by Managing Director and collaterally secured by charge on the unencumbered fixed assets of the Company situated at Nacharam, Ramagiri and Choutuppal.
- (b) Term Loans from Andhra Bank [limits of Rs.170.00 lakhs and Rs.635.00 lakhs] (Previous year - Rs.170.00 lakhs and Rs.320.00 lakhs) are secured by hypothecation of Buildings & Equipment constructed/procured at the Glass Lining Division at Nacharam and Lead unit under erection at Tirupathi respectively and also guaranteed by Managing Director and collaterally secured by charge on the unencumbered fixed assets of the Company situated at Nacharam, Ramagiri and Choutuppal.
- (c) Hire-Purchase Loans are secured by hypothecation of specific assets acquired with those loans.

## 3. Fixed Assets:

- (a) Fixed assets were revalued during the financial year 2000-01 based on the valuation report of an approved valuer. The resultant net surplus on such revaluation of assets amounting to Rs.5,03,56,554/- was credited to Revaluation Reserve Account in that year.
- (b) Depreciation on the revalued portion of assets aggregating to Rs.20,24,712/- (previous year Rs.25,98,283/-) is withdrawn from Revaluation Reserve account and credited to Profit and Loss Account.
- (c) The Company's new Lead Project established near Tirupathi, A.P., though ready for commencing the commercial production could not commence due to non-receipt of Consent For Operation (CFO) from A.P. Pollution Control Board till the year end. Hence, the total capital expenditure on this project including advances for capital items and unallocable revenue expenditure relating to

the project aggregating to Rs.1283.14 lakhs (Previous year Rs.92.19 lakhs) has been carried to the Balance Sheet under the head "Capital Works-in-Progress".

## 4. Current Assets, Loans & Advances:

- (a) In the opinion of the Management, the Current Assets, Loans & Advances have a value on realization will be equal to the amount at which they are stated in the Balance Sheet and provision for all known liabilities has been made.
- (b) Pending receipt of a sum of Rs.1.00 crore which was agreed to be received in settlement of a long pending legal dispute, the same was shown under the head 'Other Current Assets'. The same was received subsequently.
- (c) Deposits with Banks:  
Deposits with Banks amounting to Rs.60,46,392/- (Previous year Rs. 87,82,476/) are pledged to the Bank towards margin money for Bank Guarantees and Letters of Credit issued on behalf of the Company.

## 5. Investments:

The company's investment in the shares of a Joint Venture Company viz., M/s. Ltd. GLW, Georgia, as at the year end stood at Rs.86.52 lakhs and 18.63% of the J.V. Company's shares have been allotted for the same (Previous year Rs.-Nil-). As at the year end, an amount of Rs.4.64 lakhs (Previous year - Rs.40.15 Lakhs) is pending with the Joint Venture Company for allotment of shares. Pending allotment of shares, this amount is shown under the head "Loans and Advances".

## 6. Sundry Creditors:

- (a) The names of the Small Scale Industrial (SSI) undertakings to whom the Company owe any sum together with interest outstanding for more than 30 days as at 31-03-2009 are Nil (Previous year Nil).
- (b) The principal amount paid and that remaining unpaid as at 31-03-2009 in respect of enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMDA) are Nil. The interest paid / payable on dues to the parties covered under the said act is Nil.
- (c) The list of SSI undertakings and those covered under MSMDA were determined on the basis of information available with the company and has been relied upon by the auditors.



**7. Disclosures in terms of Accounting Standard "Impairment of Assets":**

Particulars	Year ended March, 2009 Rs.	Previous year Rs.
(a) Amount of impairment losses recognized in the Profit & Loss A/c.	-Nil-	-Nil-
(b) Amount of reversal of impairment losses recognized in the Profit & Loss A/c.	-Nil-	-Nil-
(c) Amount of impairment losses recognized directly against revaluation surplus	-Nil-	-Nil-
(d) Amount of reversals of impairment losses recognized directly in revaluation surplus	-Nil-	-Nil-

**8. Deferred Tax:**

a) Deferred tax liability is as under:

Particulars	Current Year Rs.	Previous Year Rs.
Deferred tax liability at the end of the year	1,60,54,181	1,62,98,249
Less : Deferred tax liability at the beginning of the year	1,62,98,249	1,65,40,626
Deferred tax liability/(asset) provided/recognized for the year	(2,44,068)	(2,42,377)

b) Component wise break up of deferred tax liability/(asset):

Components of Timing Differences	Current Year Rs.	Previous Year Rs.
Excess of Depreciation allowable under I.T. Law over depreciation provided in accounts	1,61,73,827	1,68,94,702
Leave Encashment	(1,19,646)	(5,96,453)
Deferred Tax liability, Net	1,60,54,181	1,62,98,249

**9. Related party disclosures:**

(i) Key Management Personnel represented on the Board:

- (a) Sri V.Ramesh, Managing Director
- (b) Sri K.V.Ramana, Director - Finance upto 25-07-2008
- (c) Sri V.Sridharan, Director -Technical upto 25-07-2008
- (d) Sri M.R.Naidu - Director
- (e) D. Seshagiri Rao - Director

(ii) Names of other related parties (Relatives of Directors):

- (a) Smt.D.Bharathi Devi (b) Smt D.Hyma (c) Ms Hema Sridharan
- (d) Smt V.Hemalatha (e) Smt V.Rajeswari (f) Smt. V. Shilpa
- (g) Sri. Sandeep Ramesh

**Particulars of related party transactions:**

		(Rupees in lakhs)	
Sl.No.	Particulars	For the year ended March' 09	Previous year
i)	Managerial Remuneration to		
	- Key Management Personnel	41.45	51.01
ii)	Interest paid to -		
	- Key Management Personnel	0.96	13.41
	- Other related parties	9.45	2.59
iii)	Consultancy fee paid to other related parties	1.80	-
iv)	Unsecured loans/Fixed deposits payable to:		
	- Key Management Personnel	8.19	9.22
	- Other related parties	14.35	17.43

**10. Segmental Information:****A) Primary disclosures:**

**Business Segments:** For management purposes, the Company is organized into three major operating divisions - Glass Lining, Wind energy and Lead. These divisions are the basis on which the Company reports its primary segment information. The Glass lining Division produces a broad range of glass-lined equipment. The Windmills generate electrical energy and the Lead Division produces Lead and Lead alloys. Financial information about these business segments is presented in the table below.

**Segment Revenue and Expense:** All the revenues and direct expenditure attributable to a particular segment are allocated to the respective segment.

**Segment Assets & Liabilities:** Segment assets include all operating assets used by a segment and consist principally of operating cash, debtors, inventories and fixed assets, net of allowances and provisions, which are reported as direct off sets in the balance sheet. Each of the assets could be specifically identified with the particular segment. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities. Segment assets and liabilities do not include deferred income taxes.



**Information about business segments**

(Rs. in Lakhs)

PARTICULARS	Glass Lined Equipment	Lead	Wind Mills	Total
<b>REVENUE</b>				
External Sales	3650.16 (3835.96)	5833.81 (7608.98)	80.72 (84.56)	9564.69 (11529.50)
<b>RESULT</b>				
Segment result	370.00 (336.02)	-511.83 (1006.31)	38.97 (50.20)	-102.86 (1392.53)
Operating Profit	-	-	-	-102.86 (1392.53)
Interest Expense	-	-	-	362.76 (328.89)
Interest & Misc. Income	-	-	-	244.19 (28.09)
Income tax, Deferred tax & Fringe benefit tax	-	-	-	5.54 (446.00)
Profit from ordinary activities	-	-	-	-215.89 (645.73)
Other un-allocated expenses	-	-	-	-Nil-
Net Profit	-	-	-	-215.89 (645.73)

**OTHER INFORMATION:**

Segment assets	4244.55 (3966.03)	3061.92 (2400.04)	151.69 (171.36)	7458.16 (6537.43)
Unallocated corporate assets	-	-	-	283.37 (118.35)
<b>Total Assets</b>	4244.55 (3966.03)	3061.92 (2400.04)	151.69 (171.36)	7741.53 (6655.78)
Segment Liabilities	815.98 (943.24)	1628.71 (998.41)	0.97 (0.85)	2445.66 (1942.50)
Unallocated corporate liabilities	-	-	-	2616.55 (1795.30)
<b>Total Liabilities</b>	815.98 (943.24)	1628.71 (998.41)	0.97 (0.85)	5062.21 (3737.80)
Cost incurred on acquisition of assets				
- Put to use	114.12 (49.35)	22.37 (63.01)	-Nil- (-Nil-)	136.49 (112.36)
- CWIP	16.00 (4.40)	1294.61 (92.19)	-Nil- (-Nil-)	1310.61 (96.59)
Depreciation	80.21 (87.00)	36.62 (35.24)	18.42 (18.42)	135.25 (140.66)
Non-cash expenses other than depreciation	-Nil- (-Nil-)	-Nil- (-Nil-)	-Nil- (-Nil-)	-Nil- (-Nil-)

(Note: Figures in brackets relate to previous year)

**B. Secondary Disclosures:**

## i) Segment revenue from external customers by geographical area :

There are no external customers based on the geographical location, revenues from whom constitute more than 10% of the enterprise revenue.

## ii) Total carrying amount of segment assets by geographical location of assets, for each geographical segment whose segment assets are 10% or more of the total assets of all geographical segments and the additions to the same are as under:

(Rs. in Lakhs)

Geographical Segment	Carrying amount of segment assets as at 31.03.2009	Additions during the year 2008-2009	
		Put to Use	CWIP
Glass Lining Division -Hyderabad	977.08 (961.27)	114.12 (49.35)	16.00 (4.40)
Lead Division - Choutuppal	326.88 (344.41)	22.37 (63.01)	11.47 -
- Tirupathi	- -	- -	1283.14 (92.19)
Wind Mills - Ramagiri	150.00 (168.42)	-Nil- (-Nil-)	-Nil- (-Nil-)

(Note: Figures in brackets relate to previous year)

**C. Accounting Policies:**

Accounting policies for segment reporting are the same as adopted in preparation and presentation of the financial statements of the Company.

**11. Employee Benefits:**

The company has classified various employee benefits as under:

**I) Defined contribution plans****a) Provident Fund:**

The provident fund is operated by the regional provident fund commissioner under the scheme. The company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits. These funds are recognized by Income tax authorities.

The company has recognized the following amounts in the Profit and Loss Account for the year:

Sl.No.	Particulars	2008-09 Rs.	2007-08 Rs.
a)	Contribution to provident fund:		
	- Employees	34,00,661	26,50,590
	- Key Managerial personnel	2,88,000	2,85,600

**II) Defined Contribution Plan****a) Gratuity****b) Leave Encashment**

Leave encashment is payable to eligible employees who have earned leaves during the employment and/or on separation as per the Company's policy.



Valuations in respect of Gratuity is done by LIC, who are maintaining the scheme and Leave Encashment has been carried out by independent actuary, as at the Balance Sheet date and the details are as under:

Sl. No.	Particulars	2008-09	
		Gratuity	Leave Encashment
i)	<b>Discount Rate</b>	8.00%	8.00%
	Salary Escalation	4.00%	4.00%
	Rate of return on Plan assets	9.15%	0%
	Expected average remaining working lives of employees	21 years	21 years
ii)	<b>Changes in present value of obligation</b>		
	Present value of obligations as at beginning of year	55,26,740	15,59,720
	Interest cost	4,42,139	1,24,778
	Current Service Cost	3,29,500	3,14,715
	Benefits Paid	(9,65,570)	(5,33,403)
	Actuarial (gain)/loss on obligations	12,72,896	4,08,625
	Present value of obligations as at end of year	66,05,705	18,74,435
iii)	<b>Changes in fair value of plan assets</b>		
	Fair value of plan assets at beginning of year	76,01,758	-
	Expected return on plan assets	7,11,771	-
	Contributions	15,72,477	-
	Benefits Paid	(9,65,570)	(5,33,403)
	Actuarial gain/(loss) on Plan assets	-	-
	Fair value of plan assets at the end of year	89,20,436	-
iv)	<b>Reconciliation of present value of defined obligations and Fair value of plan assets</b>		
	Closing balance of present value of obligation	66,05,705	18,74,435
	Closing balance of fair value of plan assets	89,20,436	-
	Funded (asset)/liability recognized in the Balance Sheet	(23,14,731)	18,74,435
	Unfunded liability recognized in the Balance Sheet	-	-
v)	<b>Actuarial Gain/Loss recognized</b>		
	Actuarial (gain)/loss on obligations	(12,72,896)	(4,08,625)
	Actuarial (gain)/loss for the year - plan assets	-	-
	Actuarial (gain)/loss on obligations	12,72,896	4,08,625
	Actuarial (gain)/loss recognized in the year	12,72,896	4,08,625
vi)	<b>Amounts recognized in the Balance Sheet</b>		
	Present value of obligations as at the end of year	66,05,705	18,74,435
	Fair value of plan assets as at the end of the year	89,20,436	-
	Funded status	23,14,731	(18,74,435)
	Unrecognised actuarial (gains)/losses	-	-
	Net asset/(liability) recognized in balance sheet	23,14,731	(18,74,435)
vii)	<b>Expenses Recognized in the Profit &amp; Loss Account</b>		
	Current Service cost	3,29,500	3,14,715
	Interest Cost	4,42,139	1,24,778
	Expected return on plan assets	(7,11,771)	-
	Net Actuarial (gain)/loss recognized in the year	12,72,896	4,08,625
	Expenses recognized in statement of Profit and loss	13,32,764	8,48,118

(Previous year figures not available)

## 12. Additional information pursuant to the requirements of part II of schedule VI to the Companies Act, 1956.

	Current Year	Previous Year
<b>i) Licensed Capacity :</b>		
Glass Lined Equipment (Qty. in ltrs)	16,00,000	16,00,000
Windmill (Qty. in MW)	2	2
Lead & Lead Alloys (Qty. in MT)	6,000	6,000
<b>ii) Installed Capacity :</b>		
(as certified by the management)		
Glass Lined Equipment (Qty. in Ltrs)	16,00,000	16,00,000
Wind Power (Qty. in MW)	2	2
Lead & Lead Alloys (Qty. in MT)	6,000	6,000
<b>iii) Actual Production:</b>		
Glass Lined Equipment (Qty. in Ltrs)	14,50,568	15,37,645
Wind Power (in KWH)	23,82,500	24,95,900
Lead & Lead Alloys (Qty. in MT)	6,628	6,646
<b>iv) Opening stock of Finished goods:</b>		
Lead & Lead Alloys (Qty. in MT)	232	17
<b>v) Closing stock of Finished goods:</b>		
Glass Lined Equipment (Qty. in Ltrs)	7,930	-Nil-
Lead & Lead Alloys (Qty. in MT)	51	232

	Current Year		Previous Year	
	Qty.	Value Rs. In lakhs	Qty.	Value Rs. In lakhs
<b>vi) Turnover (Net of Excise duty)</b>				
<b>A. Glass Lined Equipment:</b>				
Domestic Sales (Qty. in ltrs)	14,28,908	3,516.85	15,03,485	3,752.35
Export Sales (Qty. in ltrs)	13,730	133.31	34,160	83.61
<b>TOTAL</b>	<b>14,42,638</b>	<b>3,650.16</b>	<b>15,37,645</b>	<b>3,835.96</b>
<b>B. Lead &amp; Lead Alloys</b>				
Domestic Sales (Qty. in MT)	4,970	5,143.98	6,131	7,281.42
Export Sales (Qty. in MT)	425	392.99	300	324.04
Job work charges	1414	296.84	-	3.52
<b>TOTAL</b>	<b>6,809</b>	<b>5,833.81</b>	<b>6,431</b>	<b>7,608.98</b>
<b>C. Wind Power</b>				
Sales (Qty. in KWH)	23,82,500	80.72	24,95,900	84.56
<b>vii) Consumption of Raw materials:</b>				
M.S. Materials (Qty. in MT)	2,542	1,475.18	2,658	1,409.37
Chemicals (Qty. in MT)	62	73.92	58	88.14
Lead Scrap (Qty. in MT)	5,478	5,416.39	7,363	6,596.58
Others	-	525.71	-	434.05
<b>TOTAL</b>	<b>8,082</b>	<b>7,491.20</b>	<b>10,079</b>	<b>8,528.14</b>





viii) Details of imported & indigenous Raw Materials, Spare parts and components consumed and their percentages to total consumption.

	Current Year		Previous Year	
	(%) to total consumption	Value Rs. In lakhs	(%) to total consumption	Value Rs. In lakhs
(a) Raw Materials:				
Indigenous	43	3,206.61	36	3,046.22
Imported	57	4,284.59	64	5,481.92
<b>TOTAL</b>	<b>100</b>	<b>7,491.20</b>	<b>100</b>	<b>8,528.14</b>
(b) Stores & Spares				
Indigenous	98	368.30	95	308.96
Imported	2	9.23	5	14.92
<b>TOTAL</b>	<b>100</b>	<b>377.53</b>	<b>100</b>	<b>323.88</b>

	Current Year (Rs.)	Previous Year (Rs.)
ix) Value of imports calculated on CIF Basis:		
- Raw materials	41,35,70,854	51,27,67,184
- Components & Spare parts	15,83,475	10,14,859
<b>TOTAL</b>	<b>41,51,54,329</b>	<b>51,37,82,043</b>
x) Earnings in Foreign currency:		
a) FOB value of exports		
Glass lined Equipment	1,33,30,626	83,60,763
Lead	3,92,99,055	3,24,04,351
<b>TOTAL</b>	<b>5,26,29,681</b>	<b>4,07,65,114</b>
xi) Expenditure in foreign currency		
- Travelling expenses	2,69,411	4,70,866
- Commission on Sales	9,05,556	3,16,172
-Dividend for financial year 2006-07 (Number of Shareholders)	-	1,30,891
-Dividend for financial year 2007-08 (Number of Shareholders)	1,74,522	(4)
	(4)	1,74,522
		(4)
<b>TOTAL</b>	<b>13,49,489</b>	<b>10,92,451</b>
xii) Payment to Auditors:		
- as auditor	1,37,875	1,12,360
- as advisor, in respect of:		
a) taxation matters	25,000	25,000
b) management services	62,140	23,432
<b>TOTAL</b>	<b>2,25,015</b>	<b>1,60,792</b>

## xiii) Particulars of Managerial Remuneration:

(Amount in Rs.)

Sl No.	Name and designation of the Managerial Personnel	Salary	Commission	Value of Perquisites			Total Remuneration
				P.F.	Others	Total	
1	Sri V.Ramesh Managing Director	31,72,593 (19,00,000)	- (11,52,058)	2,42,322 (1,44,000)	1,17,076 (63,620)	3,59,398 (2,07,620)	35,31,991 (32,59,678)
2	Sri K.V.Ramana Director (Finance) upto to 25-07-08	2,75,639 (8,15,917)	- -	22,839 (70,800)	3,810 (18,612)	26,649 (89,412)	3,02,288 (9,05,329)
3	Sri V.Sridharan Director (Technical) upto to 25-07-08	2,75,639 (8,15,917)	- -	22,839 (70,800)	12,221 (49,407)	35,060 (1,20,207)	3,10,699 (9,36,124)
	<b>TOTAL</b>	<b>37,23,871</b>	<b>-</b>	<b>2,88,000</b>	<b>1,33,107</b>	<b>4,21,107</b>	<b>41,44,978</b>
	Previous year	(35,31,834)	(11,52,058)	(2,85,600)	(1,31,639)	(4,17,239)	(51,01,131)

Notes : (i) Figures in brackets relate to previous year.

(ii) The above remuneration is paid as per the terms of appointment approved by the Board &amp; shareholders read with the applicable provisions of the Companies Act, 1956.

## xiv. Computation of net profit and Commission payable to Managing Director:

Particulars	Current Year	Previous Year
	(Rs.)	(Rs.)
Profit/(loss) before tax as per P & L A/c.	(2,21,43,567)	10,91,72,927
Add:-		
Managerial Remuneration to Directors	41,44,978	51,01,131
Directors' Sitting Fees	99,500	65,500
Depreciation as per books of account	1,15,01,187	1,14,68,032
Loss on sale of Assets/Fixed assets written off charged to profit & loss A/c	18,00,675	9,56,931
<b>TOTAL</b>	<b>(45,97,227)</b>	<b>12,67,64,521</b>
Less:-		
Depreciation under Sec.350 of the Companies Act, 1956	1,15,01,187	1,14,68,032
Excess Provision of liabilities written in	11,413	90,675
Net Profit as per Sec. 349	<b>(1,61,09,827)</b>	<b>11,52,05,814</b>
Commission payable to Managing Director @ 1%	<b>NIL</b>	<b>11,52,058</b>

13./ Previous year's figures have been regrouped wherever necessary to conform with the layout adopted in the current year and paise is rounded off to the nearest rupee.



**14. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE.**

**I. Registration details**

- a) Registration No. : 4719  
b) State Code : 01  
c) Balance Sheet Date : 31/03/2009

**II. Capital Raised during the year (Amount in Rs. 000)**

- a) Public Issue : NIL  
b) Right Issue : NIL  
c) Bonus Issue : NIL  
d) Private Placement : NIL

**III. Position of Mobilization and Deployment of Funds (Amount in Rs.000)**

- a) Total Liabilities : 6,25,479      b) Total Assets : 6,25,479

**Sources of Funds:**

- a) Paid-up Capital : 30,019      d) Un-secured Loans/Others : 45,388  
b) Reserves & Surplus : 2,21,860      e) Deferred Tax : 16,054  
c) Secured Loans : 3,12,158

**Application of Funds:**

- a) Net Fixed Assets : 2,76,458      d) Misc.Expenditure : NIL  
b) Investments : 8,652      e) Accumulated Losses : NIL  
c) Net Current Assets : 3,40,369

**IV. Performance of Company (Amount in Rs. 000)**

- a) Turnover : 9,86,743      d) Profit/(loss) after tax,  
b) Total Expenditure : 10,08,886      deferred tax & FBT : -21,589  
c) Profit/(loss) before tax : -22,143      e) Earning per Share Rs. : -7/-  
f) Dividend Rate : NIL

**V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)**

- Item code No. (ITC Code.) : 84198920  
Product description : Glass Lined Equipment  
Item code No. (ITC Code.) : 78011000  
Product description : Lead  
Item code No. (ITC Code.) : 78019100  
Product description : Lead Alloys

Schedules 1 to 17 above form an integral part of the Balance Sheet and Profit & Loss Account

As per our report of even date attached.

For and on behalf of the Board

for Sarathy & Balu  
Chartered Accountants

T. Panduranga Rao  
Chairman

V. Ramesh -  
Managing Director

J. Venkateswarlu  
Partner  
ICAI Ms. No. 022481

Place : Hyderabad  
Date : 27.07.2009

Bikram Keshari Prusty  
Company Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009**

	2008-2009 Rs.	2007-2008 Rs.
<b>A. Cash flow from operating activities :</b>		
Net profit/(loss) before tax adjustments for:	(2,21,43,567)	10,91,72,927
Depreciation	1,15,01,187	1,14,68,032
Loss on Sale and discarded/demolition of Assets	18,00,675	9,56,931
Interest	3,62,75,515	3,28,89,100
Operating profit before working capital changes	2,74,33,810	15,44,86,990
Adjustments for :		
Trade and other receivables	4,24,02,961	2,95,99,341
Inventories	(2,49,48,363)	(4,84,04,255)
Trade payables	8,19,343	35,53,380
Cash generated from operations	4,57,07,751	13,92,35,456
Interest	(3,62,75,515)	(3,28,89,100)
Cash flow before Extraordinary items & Prior period adjustments	94,32,236	10,63,46,356
Tax paid	(93,55,459)	(3,53,34,229)
Net cash flow from operating activities	76,777	7,10,12,127
<b>B. Cash flow from investing activities :</b>		
Purchase of fixed assets	(13,50,51,049)	(2,08,95,690)
Sale of fixed assets	3,29,418	6,88,310
Purchase of investments	(86,52,150)	-
Net cash used in investing activities	(14,33,73,781)	(2,02,07,380)
<b>C. Cash flow from financing activities :</b>		
Change in the borrowings	14,75,01,062	(3,27,86,070)
Dividend & tax on dividend paid	(70,24,146)	(1,22,92,256)
Net cash flow from financing activities	1,40,476,916	(4,50,78,326)
Net (decrease)/increase in cash and cash equivalents	(28,20,088)	57,26,421
Opening cash and cash equivalents	1,83,51,373	1,26,24,952
Closing cash and cash equivalents	1,55,31,285	1,83,51,373

Previous year figures have been restated wherever necessary to confirm to this year's classifications.

Per our attachment report of even date

For and on behalf of the Board

for Sarathy & Balu  
Chartered Accountants

T. Panduranga Rao  
Chairman

V. Ramesh  
Managing Director

J. Venkateswarlu  
Partner  
JCAI Ms. No. 022481

Place : Hyderabad  
Date : 27.07.2009

Bikram Keshari Prusty  
Company Secretary



N I L E  
L I M I T E D

## AUDITORS' CERTIFICATE

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We have examined the above Cash Flow statement of NILE Limited, ("the Company") for the year ended 31st March, 2009. The statement has been prepared by the Company in accordance with Accounting Standard - 3, Cash Flow Statements, of the Companies Accounting Standard Rules, 2006 read with the requirements of clause 32 of Listing Agreement with Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of even date issued to the members of the Company.

for SARATHY & BALU  
Chartered Accountants

Place : Hyderabad  
Date : 27.07.2009

J. Venkateswarlu  
Partner  
ICAI Ms. No.022481

**PROXY FORM & ATTENDANCE SLIP**

**NILE LIMITED**

Regd. Office & Factory : Industrial Estate,  
Nacharam, Hyderabad - 500 076.

**ATTENDANCE SLIP**

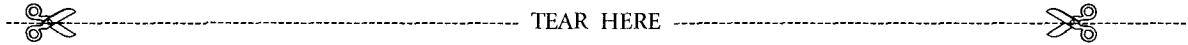
DPID No. : ..... Regd. Folio No. : .....  
Client No. : ..... No. of Shares held : .....

Name of the Shareholder/Proxy Present :

I hereby record my presence at the 25<sup>th</sup> Annual General Meeting of the Company held on Wednesday, 30th September, 2009 at 11.00 a.m. at the Registered Office of the Company at Road No. 7, Industrial Estate, Nacharam, Hyderabad - 500 076.

Signature of the Shareholder/Proxy

NOTE: Please bring the attendance slip duly filled in to the venue of the meeting.



TEAR HERE

**NILE LIMITED**

Regd. Office & Factory : Industrial Estate,  
Nacharam, Hyderabad - 500 076.

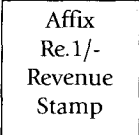
**PROXY FORM**

DPID No. : ..... Regd. Folio No. : .....  
Client No. : ..... No. of Shares held : .....

I / We .....  
of .....  
being a member / members of NILE Limited hereby appoint .....  
of .....  
or failing him ..... of .....  
as my / our Proxy to vote for me / us and on my / our behalf at the 25<sup>th</sup> Annual General Meeting of the Company to be held on Wednesday the 30th September, 2009 at 11.00 a.m. or at any adjournment thereof.

Signed ..... this day ..... of 2009.

Signature of the Shareholder



NOTE : The proxy, in order to be effective, should be duly stamped, completed and signed, and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The proxy need not be a member of the Company.

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**N I L E  
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Road No: 7,  
Industrial Estate, Nacharam,  
Hyderabad - 500 076.  
Phones: 2717 3136/2717 4341/2717 4342  
E-mail: [legal@nilelimited.com](mailto:legal@nilelimited.com)