SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

TWENTY THIRD ANNUAL REPORT 2006-2007



NILE LIMITED

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

NILE LIMITED

BOARD OF DIRECTORS

Sri T. Panduranga Rao	*Chairman*
Sri V. Ramesh	*Managing Director*
Dr. M.R. Naidu	
Sri V.S. Prasad	
Sri M. Ramaiah	
Sri S.V. Narasimha Rao	
Sri D. Seshagiri Rao	
Sri V. Sridharan	*Director (Technical)*
Sri K.V. Ramana	*Director (Finance)*

COMPANY SECRETARY
Sri T.V. Satish Babu

Report Junction.com

AUDITORS
M/s. Sarathy & Balu
Chartered Accountants,
#12, Master Sai Apartments,
Somajiguda, Hyderabad - 500 082

REGISTERED OFFICE
NILE Limited
Industrial Estate, Nacharam,
Hyderabad - 500 076.

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

SHARE TRANSFERS AND DEPOSITORY REGISTRARS
M/s. XL Softech Systems Ltd.
3, Sagar Society,
Road No.2, Banjara Hills
Hyderabad - 500 034
Phones : (40) 23545913/14/15
Fax : (40) 23553214

BANKERS
Andhra Bank
Sultan Bazar Branch,
Hyderabad - 500 195.

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

NILE LIMITED

NOTICE

Notice is hereby given that the Twenty Third Annual General Meeting of the Company will be held on Thursday, the 12th July, 2007 at 10.30 A.M at the Registered Office of the Company situated at Industrial Estate, Nacharam, Hyderabad - 500 076, Andhra Pradesh 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, 2007 and the Balance Sheet as on that date and the Report of the Directors and the Auditors thereon.

2. To declare a dividend for the year 2006-07

3. To appoint a Director in place of Sri T. Panduranga Rao, who retires by rotation and, being eligible, offers himself for reappointment.

4. To appoint a Director in place of Sri S.V. Narasimha Rao, who retires by rotation and, being eligible, offers himself for reappointment.

5. To appoint a Director in place of Sri D. Seshagiri Rao, who retires by rotation and, being eligible, offers himself for reappointment.

6. To appoint M/s. Sarathy & Balu, Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

By Order of the Board
For **NILE LIMITED**

Place : Hyderabad
Date : 17.05.2007

K.V. Ramana
Director (Finance)

Report Junction.com

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF ON POLL. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.

2. Proxies, in order to be effective, should be received by the Company at its Registered Office not less than 48 hours before the meeting.

3. The Register of Members and Share Transfer Books of the Company will remain closed from 05th July 2007 to 12th July 2007 (both days inclusive).

4. The Dividend on equity shares as recommended by the Board of Directors, if declared at the ensuing Annual General Meeting, will be payable to those members whose names appear on the Company's Register of Members on 05th July, 2007. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by NSDL & CDSL for this purpose, as on that date.

5. Members holding shares in physical form are requested to notify immediately any change in their address to the Registrars & Share Transfer Agents, namely M/s.XL Softech Systems Ltd., 3, Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500 034. Members holding shares in electronic form may intimate any such changes to their respective Depository Participants (DPs).

6. Information about the Directors seeking re-appointment at the 23rd Annual General Meeting as required under Corporate Governance:

   i) Brief Profile of Sri T. Panduranga Rao, Director, who retires by rotation and is eligible for re-appointment:

   Sri T. Panduranga Rao, aged about 73 years has been associated with the Company as a Director for more than 10 years. He was a professional banker with more than 36 years 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 also Chairman of Karnataka State Warehousing Corporation. After retirement, he was on the Board of several companies including the Nile Ltd., and since the year 2002, he had relinquished all of them retaining only the Director & Chairman position in Nile Limited.

   ii) Brief Profile of Sri S.V. Narasimha Rao, who retires by rotation and is eligible for re-appointment:

   Sri S.V. Narasimha Rao is B. Tech (IIT, Madras), MS (University of Nebraska) and MBA (University of Nebraska). He has vast experience of more than 34 years of technical and senior management experience in reputed companies such as Sumac International Ltd., Jeypore Sugars Ltd., Beardsell Ltd.. He also worked as Chief Executive of Shin Ho Petro-Chemicals (India) Ltd.

   Presently, he is working as COO of KCP Sugars & Chemicals Ltd.

   iii) Brief Profile of Sri D. Seshagiri Rao, who retires by rotation and is eligible for re-appointment:

   Sri D. Seshagiri Rao is B.Sc and B. Tech (IIT Madras). He has considerable experience of more than 28 years, working in senior positions in various private sector engineering industries. His last employment was as Vice President (QA) with Vijai Electricals Ltd., Hyderabad. He is a qualified Lead Auditor in ISO 9000, QS 9000 and ISO 14000

   Presently, he is a Quality Systems Consultant and also a third party auditor of QMS.

By Order of the Board
For **NILE LIMITED**

Place : Hyderabad
Date : 17.05.2007

K.V. Ramana
Director (Finance)

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

NILE LIMITED

DIRECTORS' REPORT

To
The Members,

Your Directors take pleasure in presenting the 23rd Annual Report on the operations of your Company and the Audited Accounts for the financial year ended 31st March, 2007, together with the Auditors' Report thereon.

PERFORMANCE OF THE COMPANY:

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

(Rs. in lakhs)

Particulars	2006-07		2005-06	
Net Sales		**8046.28**		5691.92
Other Income		**82.92**		15.91
Profit before interest and depreciation and prior period adjustments		**874.89**		628.72
Less: Interest	**230.92**		172.20	
Depreciation	**108.53**		101.59	
Profit Before Tax		**535.44**		354.93
Less: Provision for tax - Regular Tax	**178.98**		117.85	
- Deferred Tax (asset)/liability	**7.11**		(26.94)	
- Fringe Benefit Tax	**2.95**		2.79	
Profit/(Loss) after tax for the year		**346.40**		261.23
Add/Less: Surplus/(Deficit) in P&L Account brought forward		**221.13**		89.58
Amount available for appropriation		**567.53**		350.81
Appropriations:				
Transfer to General Reserve		**35.00**		27.00
Interim Dividend paid on equity shares		**45.03**		--
Income Tax on Dividend paid		**6.31**		--
Proposed Dividend on equity shares		**45.03**		90.05
Income Tax on Dividend		**7.65**		12.63
Surplus/(Deficit) carried to Balance Sheet		**428.51**		221.13
		567.53		350.81

DIVIDEND:

Your Directors have pleasure in recommending a final dividend of 15% (Rs.1.50 per share) for the year 2006-07. This, taken with the interim dividend of 15% (Rs. 1.50 per share) already declared and paid, brings the total dividend for the year to 30% (Rs. 3/- per share).

OPERATIONS:

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

GLASS LINING:

This year, the Glass Lining division recorded sales of Rs. 3449 lakhs as against Rs. 3236 lakhs in the previous year, an increase of 6.6% in value terms while the volume recorded a growth of 8.4% from 13,57,613 litres in the year 2005-06 to 14,71,151 litres in the year 2006-07. Despite a steep increase in prices of steel and other inputs, the division contributed significantly to the profits of the Company due to cost-efficient management.

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

LEAD:

The Lead division recorded substantial growth in volume and sales turnover for the year 2006-07.

The sales volume growth was 38% from 4604 MT in 2005-06 to 6344 MT in 2006-07. The sales turnover recorded a growth of 90% from Rs. 2368 lakhs in 2005-06 to Rs. 4505 lakhs in the year 2006-07. The unit contributed a substantial profit for the year 2006-07.

WIND MILLS:

The wind farm at Ramagiri continues to generate power at a reasonable efficiency. The entire energy of 27.29 lakh units generated during the year was sold to Andhra Pradesh Power Coordination Committee under a Power Purchase Agreement. The sales realization due to energy sold during the year was Rs. 92 lakhs as against Rs. 86 lakhs in the previous year.

The combined turnover of the Company, thus, was Rs. 8046 lakhs for the year under review as against Rs. 5690 lakhs for the previous year, recording a 41 % growth and resulting in a profit before tax of Rs. 535 lakhs as against Rs. 355 lakhs in the previous year.

CORPORATE GOVERNANCE:

Your Company has complied with all provisions of Corporate Governance as prescribed under Clause 49 of the Listing Agreement. A report on Corporate Governance, along with the certificate on its compliance from the Auditors, forms part of this report.

QUALITY SYSTEM:

Your Company's certificates for Quality Systems under ISO 9001 for the Glass Lining and Lead Divisions continue to be valid.

CONSERVATION OF ENERGY:

(i) Your Company continues to explore all possible avenues to reduce energy consumption.

(ii) As your Company is not covered in the Schedule to the Companies (Disclosures of particulars in the report of the Board of Directors) Rules, 1988 read with Section 217(1)(e) of the Companies Act, 1956, the details under Form 'A' are not required to be furnished.

TECHNOLOGY ABSORPTION:

Your Company entered into a Knowhow agreement with Hakko Sangyo Company Limited of Japan for special purpose glass lining and this technology absorption has not yet been completed.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

(Amount in Rupees)

		2006-07	2005-06
a)	Foreign Exchange earnings on exports	**3,99,06,694**	1,53,54,191
b)	Foreign Exchange used on account of:		
	i) Foreign Travel	**2,02,923**	1,67,160
	ii) CIF value of imports of raw material & others	**30,09,25,755**	16,57,23,040
	iii) Commission on Sales	**19,33,342**	-
	iv) Dividend related to previous year	**2,61,783**	1,44,392
	v) Interim Dividend 2006-07	**1,23,750**	-

DIRECTORS:

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

DEPOSITS:

Your Company has accepted Fixed Deposits during the year, and complied with all the statutory provisions. The outstanding deposits as on 31.03.2007 amount to Rs. 53.00 lakhs, which include Rs.33.00 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 "Nil" for the year.

TAKEOVER BID BY GUJARAT MACHINERY MANUFACTURERS LIMITED AND ITS SUBSIDIARIES:

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

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

NILE LIMITED

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 2007-08 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 had 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, 2007, 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:

Your Company has had harmonious industrial relations throughout the year under review at all levels of the organization, and would endeavor to maintain this cordial relationship in the future. Your Directors wish to place on record their deep sense of appreciation for the valuable work done and cooperation extended by the employees at all levels.

ACKNOWLEDGEMENT:

Your Directors wish to express their grateful appreciation for the assistance and co-operation received from Andhra Bank, customers, and suppliers.

Your Directors also wish to express their gratitude to investors for the continued faith reposed by them in the Company.

For and on behalf of the Board

Place : Hyderabad
Date : 17.05.2007

T. Panduranga Rao
Chairman

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

ANNEXURE TO DIRECTORS' REPORT

A. MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENT

Glass Lining, Lead and Wind Energy are the three main 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 before Interest & Tax
Glass Lining	3449	301
Lead	4505	334
Wind Energy	92	48

OUTLOOK:

The Company's outlook for the next year is positive and it expects to consolidate its business and grow in line with the industry growth rates.

The Glass Lining division continues to have a comfortable order book position, despite reduced growth in demand for Glass lined equipment continues. The Company received substantial orders for pressure vessels.

The market demand for Lead and Lead alloys continues to be promising this year also. Your Company has been able to establish itself as a quality supplier of Lead and Lead Alloys, and has entered into a long term supply arrangements with a leading battery company. The year 2007-08 should also result in a substantial growth in volume of sales for Lead and Lead Alloys.

OPPORTUNITIES AND THREATS:

While the sluggishness in new investments in the domestic bulk drug manufacturing industry is of concern, your Company has been able to identify new export opportunities for glass lined equipment, and is confident that, over the next couple of years, this opportunity would be exploited to add to the Company's sales volume and profit contribution. Your Company has also been able to exploit the demand for pressure vessels to ensure substantial growth in the capacity utilization.

Government policies affecting the pharmaceutical, bulk drug and agro chemical industries will have an impact on the Company's prospects, as these are the major customers for glass lined equipment. The export of glass lined equipment comes under "SCOMET" licensing requirements. Governmental delays in issuing export licenses continue to hamper the growth of exports. The continued rise in prices of steel and other inputs remains a serious concern for this division.

The high volatility in the international and domestic prices of Lead and Lead alloys, and also availability of Lead scrap in the international market are prime concerns for the Lead division.

Your Company's wind farm continues to perform well, and is expected to generate a reasonable amount of power in the coming year. The proposed reduction in the price payable for wind power is a matter for concern. Your Company is making suitable representations to the Andhra Pradesh Electricity Regulatory Commission in this regard.

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, 2006 and April 01, 2007 for the three divisions are given below:

Year	Strength of Employees		
	Glass Lining	Lead	Wind Farm
April 01, 2006	248	75	6
April 01, 2007	249	90	6

For and on behalf of the Board

Place : Hyderabad
Date : 17.05.2007

T. Panduranga Rao
Chairman

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

NILE LIMITED

B. CORPORATE GOVERNANCE

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

NILE Limited 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) **Board of Directors:**
The present strength of the Board of Directors is 9. The Board consists of 3 Executive Directors and 6 Non-Executive Directors.

Promoter / Executive Directors

Sri V. Ramesh	Managing Director
Sri K.V. Ramana	Director (Finance)
Sri V. Sridharan	Director (Technical)

Non-Executive and Independent Directors
Sri T. Panduranga Rao, Chairman
Dr. M.R. Naidu
Sri V.S. Prasad
Sri M. Ramaiah
Sri S.V. Narasimha Rao
Sri D. Seshagiri Rao

(ii) **Board Meetings:**
During 2006-07, the Board of Directors met seven (7) times on the following dates:

Sl.No.	Date of Board Meeting
1	22.04.2006
2	15.05.2006
3	31.07.2006
4	27.09.2006
5	31.10.2006
6	30.01.2007
7	24.03.2007

(iii) The details of attendance of each Director at the Board Meetings, last Annual general Meeting and number of other Directorships and Chairman/ memberships of Committees 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	7	Yes	None	None	None
Sri V. Ramesh	7	Yes	None	None	None
Dr. M.R. Naidu	6	No	2	1	None
Sri V.S. Prasad	0	No	2	1	None
Sri M. Ramaiah	7	Yes	1	None	None
Sri K.V. Ramana	7	Yes	None	None	None
Sri V. Sridharan	4	Yes	None	None	None
Sri S.V. Narasimha Rao	3	Yes	None	None	None
Sri D. Seshagiri Rao	5	No	None	None	None

iv) Details of non executive Directors shareholding:

Sri T.Panduranga Rao	1500 equity shares of Rs.10 each
Sri V.S.Prasad	3000 equity shares of Rs.10 each

3) AUDIT COMMITTEE:

The Audit Committee consists of 4 Non-Executive Independent Directors with Sri T. Panduranga Rao as Chairman and Sri V.S.Prasad, Sri M.Ramaiah and Sri S.V. Narasimha Rao as members. Company Secretary of the Company is acting as Secretary of the Committee. The Audit Committee met five times during the year 2006-07. The details of the attendance of the Audit Committee members are as follows:

Name of the Director	Dates of Audit Committee Meeting				
	15.05.06	31.07.06	31.10.06	30.01.07	24.03.07
Sri T. Panduranga Rao	Yes	Yes	Yes	Yes	Yes
Sri V.S. Prasad	No	No	No	No	No
Sri M. Ramaiah	Yes	Yes	Yes	Yes	Yes
Sri S.V. Narasimha Rao	No	No	Yes	Yes	No

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

4) REMUNERATION OF THE DIRECTORS:

The Company does not remunerate 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 M. Ramaiah and Sri D Seshagiri Rao as members. Particulars of remuneration paid to the Board of Directors for the year ended 31st March, 2007 are given below:

Name of the Director	Remuneration (in Rupees)				
	Sitting fees	Salary	Perquisite	Commission	Total
Executive Directors					
Sri V. Ramesh	Nil	19,00,000	2,08,339	5,80,926	26,89,265
Sri K.V. Ramana	Nil	7,34,917	80,305	Nil	8,15,222
Sri V. Sridharan	Nil	7,34,917	1,08,441	Nil	8,43,358
Non-Executive Directors					
Sri T. Panduranga Rao	26,000	Nil	Nil	Nil	26,000
Dr. M.R. Naidu	13,500	Nil	Nil	Nil	13,500
Sri V.S. Prasad	–	Nil	Nil	Nil	–
Sri M. Ramaiah	22,000	Nil	Nil	Nil	22,000
Sri S.V. Narasimha Rao	9,500	Nil	Nil	Nil	9,500
Sri D. Seshagiri Rao	11,000	Nil	Nil	Nil	11,000

5) SHAREHOLDERS' GRIEVANCE COMMITTEE:

The Shareholders' Grievance Committee consists of 4 Directors with Non-Executive Director Sri T.Panduranga Rao as Chairman and three Executive Directors, Sri V.Ramesh, Sri K.V. Ramana and Sri V. Sridharan, 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. During the year, the Committee met four times and received three (3) complaints. All complaints have been resolved and no complaint was pending as on 31st March, 2007. Company Secretary of the Company acts as the Compliance Officer.

6) GENERAL BODY MEETINGS:

Financial Year	:	**2003 - 2004**
Venue	:	Registered Office Industrial Estate, Nacharam, Hyderabad - 500 076.
Date	:	19.07.2004
Time	:	10 A.M.
Financial Year	:	**2004 - 2005**
Venue	:	Registered Office Industrial Estate, Nacharam, Hyderabad - 500 076.
Date	:	04.06.2005
Time	:	10 A.M.
Financial Year	:	**2005 - 2006**
Venue	:	Registered Office Industrial Estate, Nacharam, Hyderabad - 500 076.
Date	:	19.06.2006
Time	:	10 A.M.

No Special Resolutions were required to be put through postal ballot at the above meetings.

www.reportjunction.com