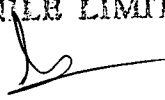


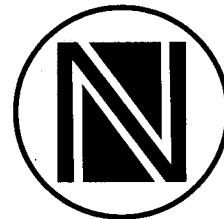
25th

Annual Report 2008-09

CERTIFIED TRUE COPY
For NILE LIMITED


COMPANY SECRETARY

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N I L E
L I M I T E D

**BOARD OF DIRECTORS**

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*Report  Junction.com**COMPANY SECRETARY**

Sri Bikram Keshari Prusty

REGISTERED OFFICE

NILE Limited,

Road No: 7,

Industrial Estate, Nacharam,

Hyderabad - 500 076.

Phones: 2717 3136/2717 4341/2717 4342

E-mail: legal@nilelimited.com**AUDITORS**

M/s. Sarathy & Balu

Chartered Accountants,

12 Master Sai Apartments,

Somajiguda, Hyderabad - 500 082.

BANKERS

Andhra Bank

Sultan Bazar Branch,

Hyderabad - 500 195.

INTERNAL AUDITORS

M/s. Manohar Chowdhry & Associates

Chartered Accountants

204A, Concourse Complex,

7-1,58, Greenlands Road,

Hyderabad- 500 016

**SHARE TRANSFERS AND DEPOSITORY
REGISTRARS**

M/s.XL Softech Systems Ltd.

3, Sagar Society,

Road No.2, Banjara Hills,

Hyderabad - 500 034.

Phones : (40) 23545913/14/15

Fax : (40) 23553214



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

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
Appropriations:		
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 co-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


**N I L E
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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:

Segment	Turnover	(Rupees in Lakhs)
		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