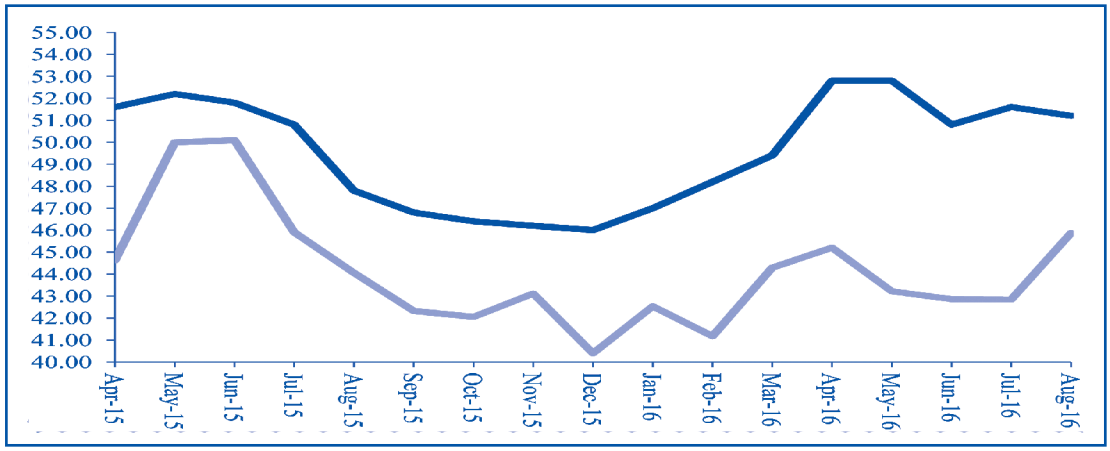
NILE LIMITED



32nd Annual Report 2015-16

LEAD PRICE MOVEMENT

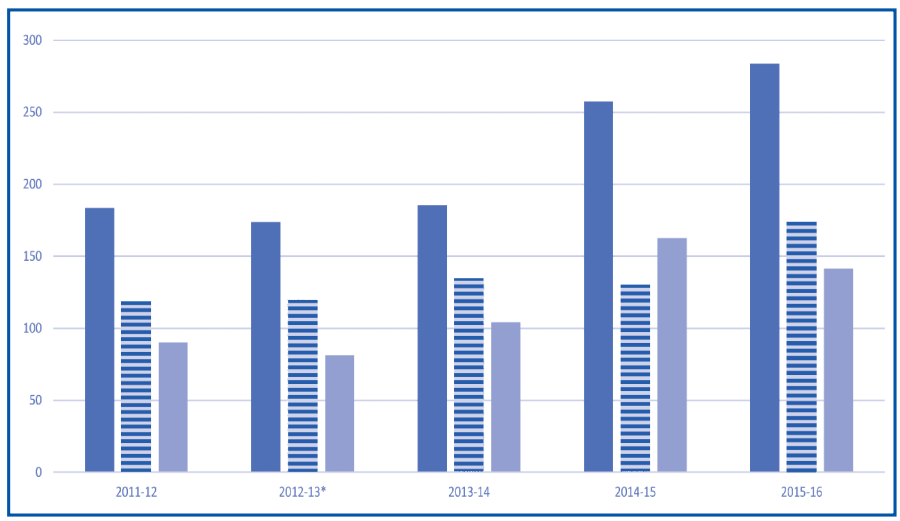


INDIAN CRUDE LEAD PRICE IN INDIAN RUPEES, SCALE 1 = Rs.2,500/-

LONDON METAL EXCHANGE PRICE IN US DOLLARS, SCALE 1 = 40 US DOLLARS

Data as on the first day of each month.

LAST 5 YEARS' TURNOVER, PROFIT



TURNOVER (1 = Rs. 150 LAKHS)

OPERATING PROFIT (1 = Rs. 5 LAKHS)

NET PROFIT (1 = Rs. 5 LAKHS)

** Excludes profit earned on sale of Glass Lining Division amounting to Rs.1468.15 lakhs*

NILE LIMITED

32nd Annual Report 2015-16

CORPORATE INFORMATION

CIN: L25119AP1984PLC004719

Board of Directors
Sri V. Ramesh *(Chairman and Managing Director)*
Sri Sandeep Ramesh *(Executive Director)*
Smt. V. Rajeswari
Sri S. V. Narasimha Rao
Sri V. Ashok
Sri Satish Malladi
Sri Sridar Swamy
Sri Suketu Shah

Audit Committee
Sri S. V. Narasimha Rao *(Chairman)*
Sri V. Ashok
Sri Satish Malladi
Sri Sridar Swamy

Nomination and Remuneration Committee
Sri Satish Malladi *(Chairman)*
Sri V. Ashok
Sri S. V. Narasimha Rao
Sri Sridar Swamy

Stakeholders Relationship Committee
Sri Satish Malladi *(Chairman)*
Sri S. V. Narasimha Rao
Sri V. Ramesh
Sri Suketu Shah

CSR Committee
Sri Satish Malladi *(Chairman)*
Sri V. Ramesh
Sri Sandeep Ramesh
Smt. V. Rajeswari

Company Secretary
Sri Bikram Keshari Prusty

Chief Financial Officer
Sri B. Seshagiri Rao

Registered Office
Plot No.38 & 40, APIIC Industrial Park,
Gajulamandyam Village, Renigunta Mandal,
Tirupati, Chittoor Dist., Andhra Pradesh - 517520
Phone: (040) 23606641, Fax: (040) 23606640
Email: legal@nilelimited.com
Web: www.nilelimited.com

Corporate Office
Plot No. 149/A, Old MLA Colony,
Road No.12, Banjara Hills,
Hyderabad, Telangana – 500034.
Phone: (040) 23606641, Fax: (040) 23606640

Auditors
M/s. JVSL & Associates
Chartered Accountants
Plot No. 443-A-22-III, Road No. 86, Jubilee Hills,
Hyderabad - 500 033.

Internal Auditors
M/s. Manohar Chowdhry & Associates
Chartered Accountants
204A, Concourse Complex, Opp. Lal Bungalow,
7-1-58, Greenlands Road, Ameerpet,
Hyderabad – 500016

Cost Auditors
M/s. Kapardhi & Associates
Cost Accountants
S.R.T. 148, Sanjeeva Reddy Nagar,
Hyderabad – 500038

Secretarial Auditor
Sri V. Mohan Rao
Company Secretary
Plot No. 305, Phase – III, Samatha Nagar,
Bhagyanagar Society, Pragathinagar Road,
Near HMT Hills, Kukatpally, Hyderabad – 500072

Banker
Andhra Bank
Sultan Bazar Branch,
Hyderabad - 500195

Registrar & Transfer Agent
M/s. XL Softech Systems Ltd.
3, Sagar Society, Road No.2,
Banjara Hills, Hyderabad – 500034
Phones: (040) 23545913/14/15, Fax: (040) 23553214

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NOTICE

Notice is hereby given that the 32nd Annual General Meeting of the Company will be held on Friday, the 30th day of September, 2016 at 10:00 AM, at the registered office of the company at Plot No.38 & 40, APIIC Industrial Park, Gajulamandyam Village, Renigunta Mandal, Tirupati, Chittoor Dist., Andhra Pradesh – 517520 *(Please refer to the Route Map of the meeting venue annexed to the Attendance Slip)*, to transact the following business:

ORDINARY BUSINESS:

1. **Adoption of Financial Statements:**

   To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "RESOLVED that the Statement of Profit and Loss and the Cash Flow Statement for the year ended 31st March, 2016 along with Balance Sheet as on that date, together with notes appended thereto and the Report of Directors' and Auditors' thereon, be and are hereby considered, approved and adopted".

2. **Confirmation of interim dividend paid:**

   To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "RESOLVED that the interim dividend of ₹ 3/- per share on 30,01,900 shares declared by the Board of Directors and paid in March 2016, be and is hereby confirmed."

3. **Reappointment of retiring Director:**

   To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "RESOLVED that pursuant to Section 152 and other applicable provisions, if any, of the Companies Act, 2013, Smt. Vuyyuru Rajeswari (DIN: 00845598), Director retiring by rotation, and being eligible for re-appointment, be and is hereby re-appointed as a Director of the Company".

4. **Appointment of Statutory Auditors of the Company:**

   To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "RESOLVED that pursuant to the provisions of section 139, 141 and other applicable provisions, if any, of the Companies Act, 2013, the Company do hereby appoint M/s. Gokhale & Co., Chartered Accountants, as Auditors of the Company, to hold office after the conclusion of this annual general meeting till the conclusion of the 37th Annual General Meeting on a remuneration as the Board of Directors of the Company may determine".

SPECIAL BUSINESS:

5. **Ratification of remuneration payable to Cost Auditors:**

   To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "RESOLVED that in terms of Section 148 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, the Company do hereby confirm and ratify, the remuneration approved by the Board of Directors on the recommendations of the Audit Committee for M/s. Kapardhi & Associates, Cost Accountants, at ₹ 50,000/- (Rupees fifty thousand only) plus service tax and out of pocket expenses for the Financial Year 2016-17."

By Order of the Board
For **Nile Limited**

Sd/-
Bikram Keshari Prusty
Company Secretary
Ms.No. FCS7855

Place : Hyderabad
Date :13-08-2016

NOTES:

1. Proxy:

   A Member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on a poll instead of himself/herself and such proxy need not be a Member of the company. For identification purpose the proxy should carry a valid identity proof issued by any Goverment authority.

   Deposit of proxy:

   Proxies in order to be effective must be received at the registered office of the Company not later than 48 hours before the meeting, i.e., on or before 10:00 A.M. on 28th September, 2016.

2. **Voting Rights:**

   23rd September, 2016 will be the cut-off date for determining the voting rights.

3. **E-Voting (EVEN: 104860)**

   E-Voting option is provided to members pursuant to Section 108 of the Companies Act, 2013. Please read carefully the instructions for 'E-Voting Process' attached to this Notice.

4. **Unclaimed Dividend:**

   Unclaimed and unpaid dividend for over 7 years will be transferred to the Investor Education and Protection Fund. Shareholders, who have not so far en-cashed the dividend warrant(s), are requested to seek revalidation of expired dividend warrant(s).

   Information in respect of unclaimed dividend and the last date for claiming the same are given bellow:

Dividend for the Year	Date of declaration	Last date for claiming
2009-10: Final	30-09-2010	30-10-2017
2010-11: Final	30-09-2011	30-10-2018
2011-12: Final	29-09-2012	29-10-2019
2012-13: Final	10-08-2013	10-09-2020
2013-14: Final	30-09-2014	30-10-2021
2014-15: Final	30-09-2015	30-10-2022
2015-16: Interim	12-03-2016	12-04-2023

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

Item No.5: Ratification of remuneration payable to Cost Auditors:

While the remuneration for the cost auditor for the audit of cost records is determined by the Board of Directors on the recommendations of Audit Committee, as per Section 148(3) of the Companies Act, 2013, read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the same shall be ratified by the shareholders at the following General meeting. The approval of Central Government is no longer required.

The Board of Directors have appointed M/s. Kapardhi & Associates, Cost Accountants, based on the recommendations of the Audit Committee at a remuneration of ₹ 50,000 plus, service tax and out of pocket expenses for the Financial Year 2016-17. The proposed remuneration is now placed for the approval of shareholders.

No Director or Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise, in this item of business.

By Order of the Board
For Nile Limited

Sd/-
Bikram Keshari Prusty
Company Secretary
Ms.No. FCS7855

Place : Hyderabad
Date : 13-08-2016

E-Voting Process

Voting through electronic means:

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is providing facility to members to exercise their right to vote at this Meeting by electronic means, and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL).

The Members desiring to vote through electronic mode may refer to the detailed procedure on remote e-voting given below:

(a) In case of Shareholders receiving e-mail from NSDL:

(i) Open e-mail and open PDF file viz; "Nile Ltd remote e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.

(ii) Launch internet browser by typing the following URL: https://www.evoting.nsdl.com/

(iii) Click on Shareholder - Login

(iv) Put user ID and password as initial password noted in step (i) above. Click Login.

(v) Password change menu will appear. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(vi) Home page of e-Voting will open. Click on e-Voting: Active Voting Cycles.

(vii) Select "EVEN-104860" of **Nile Limited.**

(viii) Now you are ready for e-Voting as Cast Vote page will open.

(ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

(x) Upon confirmation, the message "Vote cast successfully" will be displayed.

(xi) Once you voted on the resolution, you will not be allowed to modify your vote.

(xii) Institutional shareholders (i.e., other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to **vmohancs@gmail.com** with a copy marked to evoting@nsdl.co.in.

(b) In case of Shareholders not receiving e-mail from NSDL:

(i) Initial password is provided as below:

EVEN (e-Voting Event Number): 104860

USER ID: *******

PASSWORD/PIN: *****

(ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) in Case (a) above, to cast vote.

(c) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of www.evoting.nsdl.com.

(d) If you are already registered with NSDL for e-voting then use your existing user ID and password for casting your vote.

DIRECTORS' REPORT

To
The Members,

Your Directors take pleasure in presenting the 32nd Annual Report on the operations of your Company and the Audited Accounts for the financial year ended 31st March, 2016, together with the Auditors' Report thereon.

Financial Results:

Your Company's results for the year, and the comparative figures for the previous year, are given below in a summarized format: (₹ in lakhs)

Particulars	2015-16	2014-15
Net Sales	42,527.32	38,595.87
Other Income	257.54	566.26
Profit before interest and depreciation	2,154.66	2,254.32
Less: Interest	686.44	705.24
Depreciation	340.54	332.98
Profit before exceptional & extraordinary items and tax	1,127.68	1,216.10
Profit before Tax	1,127.68	1,216.10
Profit after Tax	706.45	811.99
Add: Opening balance in Statement of Profit & Loss	4,715.67	4,094.59
Amount available for appropriation	5,422.12	4,905.73
Appropriations:		
Transfer to General Reserve	71.00	82.00
Interim/Proposed Dividend on equity shares	90.06	90.06
Dividend distribution Tax on interim/proposed dividend	18.33	18.00
Surplus/(Deficit) carried to Balance Sheet	5,242.73	4,715.67

Note: Previous year's figures are regrouped and presented wherever necessary.

Dividend:

Your Directors declared an interim dividend of ₹ 3/- per share for the financial year 2015-16, at their meeting held on 12th March, 2016. The Directors do not recommend any final dividend.

Operations:

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

Lead Division:

This year, the Lead division recorded sales of ₹ 42,465 lakhs as against ₹ 38,512 lakhs in the previous year, an increase of 10%.

Windmills:

The entire energy of approximately 20 lakhs units generated at Ramagiri was sold to Andhra Pradesh Southern Power Distribution Company Ltd. The earlier power purchase agreement expired on 29th August, 2015, and was extended for another 10 years, at a reduced tariff of ₹ 2.23 per unit. The total revenue was ₹ 62 lakhs against ₹ 84 lakhs in the previous year.

Total:

The combined turnover of the Company, thus, was ₹ 42,527 lakhs for the year under review, as against ₹ 38,596 lakhs for the previous year.

Corporate Governance: Your Company has complied with all provisions of Corporate Governance, as required under the Listing Agreement / the SEBI (LODR) Regulations, 2015. 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 Lead Division continue to be valid.

Management Discussion and Analysis Report: A detailed discussion on the industry structure as well as on the financial and operational performance is contained in the 'Management Discussion and Analysis Report' enclosed hereto that forms an integral part of this Report. (Refer Annexure-A)

Information as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of Companies (Accounts) Rules, 2014:

A. Conservation of Energy:

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

Street and high bay lights were replaced with energy efficient LED lights at a cost of more than ₹ 3.5 lakhs at both the lead recycling units.

Variable frequency drive, which will result in significant power savings, was installed for the ID fan of the fourth rotary furnace at Tirupati plant. This drive installed on the other three furnaces earlier.

The transformer at the Choutuppal plant was replaced with an optimal capacity transformer, which will reduce power losses, resulting in annual savings of about 11,000 units of energy.

B. Technology Absorption:

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

C. Foreign Exchange earnings and outgo: Total foreign exchange used and earned: (₹ in lakhs)

Particulars	2015-16	2014-15
a) Foreign Exchange earnings on exports	**26.97**	244.72
b) Foreign Exchange used on account of:		
i) Foreign Travel	**3.73**	0.25
ii) Professional Charges	**0.80**	0.91
iii) Subscription charges	**4.05**	2.96
iv) CIF value of imports of raw material & others	**12,036.92**	12,426.55
v) Dividend for 2014-15/2013-14	**3.60**	2.47

Directors:

pursuant to Section 152 and other applicable provisions, if any, of the Companies Act, 2013, Smt. Vuyyuru Rajeswari will retire by rotation at the ensuing annual general meeting and being eligible, offers herself for reappointment.

Statutory Auditors:

M/s. JVSL & Associates, Chartered Accountants, expressed their inability to continue as Statutory Auditors of the Company due to personal reasons, and forwarded their resignation to the Chairman and Managing Director of the Company. The Board, at their meeting held on 13th August, 2016, accepted their resignation. However, they will continue as Statutory Auditors of the Company till the conclusion of the ensuing Annual General Meeting.

Further, on the recommendation of the Audit Committee, the Board of Directors of your company proposes to appoint M/s. Gokhale & Co., Chartered Accountants, Hyderabad, as Statutory Auditors of the Company at the ensuing annual general meeting.

Number of meetings of the Board:

Details of same are disclosed in the Corporate Governance Report.

Declaration of Independence:

This is to confirm that all the Independent Directors have affirmed their compliance with the criteria of Independence as provided in Section 149 (6) of the Companies Act, 2013.

Risk Management Policy:

The Board has adopted and is implementing a suitable Risk Management Policy for the company which identifies therein different elements of risk which may threaten the existence of the company.

Particulars of investments under Section 186 of the Companies Act, 2013:

The company had made an investment of ₹ 91.16 lakhs in equity shares of GLW Ltd. in the financial year 2008-09. The company had also made a provision for diminution in the entire value of the said investment by way of ₹ 45.58 lakhs each in the financial years 2012-13 and 2013-14. Further, the company has approached the Reserve Bank of India, seeking permission to write off the investments in GLW Ltd.

Deposits:

No deposits under Chapter V of the Companies Act, 2013 were accepted or renewed during the year.

Composition of Audit Committee and Vigil Mechanism/ Whistle Blower Policy:

Details of the same are disclosed in the Corporate Governance Report.

Information as required under Section 134(3)(e), Section 178(3) of the Companies Act, 2013 and Rule 8(4) of the Companies (Accounts) Rules, 2014: Refer Annexure B

Disclosures pursuant to Section 197(12) and Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014: Refer Annexure C

Annual Report on Corporate Social Responsibility (CSR) activities in accordance with Rule 8 of Companies (CSR Policy) Rules, 2014: Refer Annexure D

Extract of Annual Return (Form MGT-9) [(Pursuant to Section 92(3) and Section 134(3) (a) of the Companies Act, 2013 and Rule 12 of Companies (Management and Administration) Rules, 2014]: Refer Annexure E

Employees:

No employee was in receipt of remuneration more than the limit prescribed under the Companies (Appointment and Remuneration of Managerial Perssonnel) Rules, 2014.

Directors' Responsibility Statement:

Your Directors, in terms of Section 134(5) of the Companies Act, 2013, state that:

(a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) The Directors 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 at the end of the financial year and of the profit and loss of the company for that period;

(c) The Directors 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;

(d) The Directors had prepared the annual accounts on a going concern basis; and

(e) The Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

(f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Industrial Relations:

The industrial relations in the Company continue to be very cordial and stable. Your Directors would like to place on record their appreciation of the dedication and commitment of all employees of your Company.

Acknowledgement:

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

For Board of Directors

Sd/-
V. Ramesh
Chairman and
Managing Director
DIN: 00296642

Place : Hyderabad
Date : 13-08-2016

ANNEXURE TO DIRECTORS' REPORT

ANNEXURE-A

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

Industry Structure and Development:

Lead and Wind Energy are the two divisions of the Company.

Pure Lead and Lead alloys are supplied to manufacturers of Lead acid batteries.

Wind energy generated is sold to Andhra Pradesh Southern Power Distribution Company Limited.

The table below shows the operational performance of the company during the financial year 2015-16. The turnover, as well as gross and operating profits, increased significantly. There was a drop in the net profit due a siginificant reduction in other income, primarily reimbursement of sales tax, which was an incentive given by the state government.

Results of our operations: (₹ In Lakhs)

Particulars	Year ended March 31,			
	2016	%	2015	%
Net Sales	**42,527.32**	**100.00**	38,595.87	100.00
Cost of Goods sold	**39,882.46**	**93.78**	36,301.08	94.05
Gross Profit	**2,644.86**	**6.22**	2,294.79	5.95
Selling and Marketing expenses	**325.38**	**0.77**	258.03	0.67
General and administration expenses	**1,108.80**	**2.61**	1,053.94	2.73
Operating profit before Depreciation Expenses	**1,210.68**	**2.85**	982.82	2.55
Depreciation and Amortization	**340.54**	**0.80**	332.98	0.86
Operating Profit	**870.14**	**2.05**	649.84	1.68
Other income	**257.54**	**0.61**	566.26	1.47
Profit before exceptional item and tax	**1,127.68**	**2.65**	1,216.10	3.15
Tax expenses	**421.23**	**0.99**	404.11	1.05
Profit after tax and exceptional item	**706.45**	**1.66**	811.99	2.10

There have been no significant developments on the employment and manpower front. Relevant manpower data is provided elsewhere in the document.

Division-wise performance:

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

(₹ In Lakhs)

Segment	Turnover	Profit before Interest & Tax
Lead	42,465	1,802
Wind Energy	62	12

Stretch film wrapping was introduced for better packaging of finished product at both the recycling units.

Fume extraction system was installed for the automatic battery breaking system at the Tirupati plant, at a cost of ₹ 5.00 lakhs.

The pollution control systems of both smelting and refining streams at Tirupati plant were refurbished with the addition of six wet scrubbers at a cost of ₹ 16 lakhs.

Outlook:

The demand for your company's products is robust. The volatility in commodity markets continues, but your company was able sustain profitability by a judicious raw material purchasing policy, and hedging on the london Metals Exchange against the finished product price fluctuations. Your company expects reasonable profitability in the current financial year also.

The previous wind power purchase agreement expired on August 29, 2015. Your company entered into an agreement with Andhra Pradesh Southern Power Distribution Company Limited for a 10 year extension, at a reduced tariff of ₹ 2.23 per unit.

Your company applied to the Reserve Bank of India for permission to write off the investment in GLW Ltd. because there does not appear to be a prospect of that company commencing operations.

The power situation in both Andhra Pradesh and Telangana has been comfortable, even during the summer months.

Opportunities and Threats:

The demand for Lead and Lead alloys continues to be strong, and your company does not anticipate a dearth of demand.

Your Company's wind farm completed 20 years' of operation, the originally expected useful life. There has been an increase in machine breakdowns, with the attendant increase in maintenance expenditure and a drop in power generation due to downtime. The power purchase agreement was renewed for a further period of 10 years at a significantly lower price of ₹ 2.23 per unit.

The City Civil Court Secunderabad pronounced its judgment in the litigation between your company and Bharat Heavy Electricals Limited (BHEL). The court ordered your company to pay BHEL ₹ 39.22 lakhs plus interest from August 1998 (the date of the suit). Your company plans to appeal against this order. However, the entire liability (₹ 165.26 lakhs) upto 30th June, 2016, arising out of this judgment has been provided

for from the profits of the Company in the April – June 2016 quarter.

Internal Control Systems and their Adequacy:

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

For Board of Directors

Sd/-
V. Ramesh
Chairman and
Managing Director
DIN: 00296642

Place : Hyderabad
Date : 13-08-2016

ANNEXURE-B

Information as required under Section 134(3)(e), Section 178(3) of the Companies Act, 2013 and Rule 8(4) of the Companies (Accounts) Rules, 2014:

Criteria for determining qualifications for appointment of Directors (including Independent Directors):

- Persons of eminence, standing and knowledge with significant achievements in business, professsions and/or public service.
- Their financial or business literacy/skills.
- Appropriate other qualification/experience to meet the objectives of the Company, including the diversity they bring to the board.
- As per the applicable provisions of the Companies Act, 2013, Rules made there-under and the SEBI (LODR) Regulations, 2015.

  The Nomination and Remuneration Committee shall have discretion to consider and fix any other criteria or norms for selection of the most suitable candidate/s.

Criteria for determining positive attributes of Directors (including Independent Directors):

i. Directors are to demonstrate integrity, credibility, trustworthiness, ability to handle conflict constructively, and the willingness to address issues proactively.

ii. Actively update their knowledge and skills with the latest developments in the market conditions and applicable legal provisions.

iii. Willingness to devote sufficient time and attention to the company's business and discharge their responsibilities.

iv. To assist in bringing independent judgement to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct.

v. Ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company.

vi. To act within their authority, assist in protecting the legitimate interests of the Company, its shareholders and employees.

Criteria for determinig Independence of Directors:

Independent Directors to meet the criteria of Independence as prescribed by the Companies Act, 2013 read with the Rules made there-under and the SEBI (LODR) Regulations, 2015, as amended from time to time.

Criteria for evaluation of performance of Directors (including Independent Directors) :

i. Attendance and contribution at Board and Committee meetings.

ii. Open Channels of communication with executive management and other colleagues on Board to maintain high standards of integrity and probity.

iii. Recognize the role which he/she is expected to play, internal Board relationship to make decisions objectively and collectively in the best interest of the Company to achieve organisational successes and harmonizing the Board.

iv. His/her ability to monitor the performance of management and satisfy himself with integrity of the financial controls and systems in place by ensuring right level of contact with external stakeholders.

v. His/her contribution of enhance overall brand image of the Company.

Criteria for evaluation of performance of Board:

The process of evaluating the performance of the Board as a whole is the responsibility of the Independent Directors. The evaluation of Board performance involves review and discussion of Board effectiveness, including looking at:

i. Appropriate composition of the board with the right mix of knowledge and skills;

ii. Members of the Board meet all applicable independence requirements;

iii. Sufficient number of Board meetings, of appropriate length, being held to enable proper consideration of issues;

iv. Attention to strategy and oversight of business performance;

v. Company's systems of control are effective for identifying material risks and reporting material violations of policies and law and the Board is provided with sufficient information about material risks and problems that affects the Company's business and prospects;

vi. Encouragement of open communication, meaningful participation, and timely resolution of issues at the Board meetings;

vii. Board culture and relationship with management;

viii. Effectiveness of the Chairman;

ix. Monitoring and supervision;

x. Management of agendas, papers, meetings and minutes;

Criteria for evaluation of performance of Board Committees:

The process of evaluating the performance of the Board Committees as a whole is the responsibility of all the Directors excluding members of the relevant committee being evaluated. The performance evaluation shall be based on the following criteria:

- ❖ Performance against Committee's terms of reference;
- ❖ Performance of Chair;
- ❖ Management of agendas, papers, meetings and minutes;
- ❖ Communication with and reporting to Board;
- ❖ Relationship with management; and
- ❖ Relationship with relevant stakeholders;

Remuneration Policy: The same is disclosed in the Corporate Governance Report.

ANNEXURE-C

Disclosures pursuant to Section 197(12) and Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

i. The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year:

Name of the Director	Ratio of the remuneration to the median remuneration of the employees including whole time directors	Ratio of the remuneration to the median remuneration of the employees excluding whole time directors
Vuyyuru Ramesh, Chairman and Managing Director	22.01	23.38
Sandeep Ramesh, Executive Director	22.01	23.38
Vuyyuru Rajeswari, Director	Not Applicable	Not Applicable
S.V.Narasimha Rao, Independent Director	Not Applicable	Not Applicable
V. Ashok, Independent Director	Not Applicable	Not Applicable
Satish Malladi, Independent Director	Not Applicable	Not Applicable
Sridar Swamy, Independent Director	Not Applicable	Not Applicable
Suketu Shah, Independent Director	Not Applicable	Not Applicable

ii. The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary, in the financial year:

Name of the Directors and Key Managerial Personnel	Percentage increase in remuneration in the financial year
Vuyyuru Ramesh, Chairman and Managing Director	(12.22)
Sandeep Ramesh, Executive Director	(3.51)
Vuyyuru Rajeswari, Director	Not Applicable
S.V.Narasimha Rao, Independent Director	Not Applicable
V. Ashok, Independent Director	Not Applicable
Satish Malladi, Independent Director	Not Applicable
Sridar Swamy, Independent Director	Not Applicable
Suketu Shah, Independent Director	Not Applicable
Bikram Keshari Prusty, Company Secretary	5.38
B. Seshagiri Rao, Chief Financial Officer	7.90

iii. The percentage increase in the median remuneration of employees in the financial year: 13.07%

iv. The number of permanent employees on the rolls of company: 106 (as on 31st March, 2016).

v. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

(₹ In Lakhs)

Particulars	Average Remuneration in 2014-15	Average Remuneration in 2015-16	Average Increase in Remuneration	% of Increase in Remuneration
Employees other than Managerial personnel	2.52	**2.87**	0.35	13.79
Managerial Personnel	61.52	**56.56**	(4.96)	(8.07)

vi. Affirmation that the remuneration is as per the remuneration policy of the company:

It is affirmed that the remuneration paid is as per the remuneration policy of the company.