



NAGARJUNA FERTILIZERS AND CHEMICALS LIMITED  
**ANNUAL REPORT 2014-15**



## Board of Directors

### **K S Raju**

Chairman

### **Chandra Pal Singh Yadav**

Nominee of KRIBHCO

### **M P Radhakrishnan**

Nominee of SBI

### **Pawan Kumar**

Nominee of IFCI

### **Shailendra Govind Nadkarni**

Nominee of IDBI Bank

### **Yogesh Rastogi**

Nominee of ICICI Bank Ltd

### **D Ranga Raju**

### **Lalitha Raghuram**

### **N C B Nath**

### **S R Ramakrishnan**

### **K Rahul Raju**

Managing Director

## Registered Office

D.No 8-2-248,  
Nagarjuna Hills, Punjagutta  
Hyderabad - 500 082  
INDIA

**CIN** : L24129AP2006PLC076238

## Website

[www.nagarjunafertilizers.com](http://www.nagarjunafertilizers.com)

## Manufacturing Facilities

### Urea

Kakinada, East Godavari Dist,  
Andhra Pradesh

### Micro-Irrigation

- a) Nacharam, Hyderabad,  
Telangana
- b) Sadashivpet Mandal, Medak Dist,  
Telangana
- c) Halol, Panchmahal Dist,  
Gujarat

### Auditors

M/s. M Bhaskara Rao & Co.,  
Chartered Accountants  
Hyderabad

### Company Secretary

M Ramakanth

# Notice

**NOTICE IS HEREBY GIVEN THAT THE 9TH ANNUAL GENERAL MEETING OF NAGARJUNA FERTILIZERS AND CHEMICALS LIMITED WILL BE HELD AT 10.00 HOURS ON TUESDAY, SEPTEMBER 29, 2015 AT SRI SATYA SAI NIGAMAGAMAM, 8-3-987/2, SRINAGAR COLONY, HYDERABAD - 500 073 TO TRANSACT THE FOLLOWING BUSINESS:**

## ORDINARY BUSINESS

1. To receive, consider and adopt the 9th Annual Report of the Company, Balance Sheet as at March 31, 2015, the Statement of Profit and Loss for the Financial Year ended March 31, 2015, the Cash Flow Statement for the Financial Year ended March 31, 2015 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Mr. Chandra Pal Singh Yadav with DIN No. 00023382 who retires by rotation and is eligible for re-appointment.
3. To consider and if thought fit, to pass with or without modification(s) the following resolution which will be proposed as an Ordinary Resolution:  

“RESOLVED THAT pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules made thereunder, the consent of the Members be and is hereby accorded for the ratification of the appointment of Statutory Auditors of the Company, M/s. M Bhaskara Rao and Co., Chartered Accountants, Hyderabad, to hold office from the conclusion of the 9th Annual General Meeting up to the conclusion of the 10th Annual General Meeting of the Company on such remuneration as may be fixed by the Board of Directors during the term of appointment i.e., from the conclusion of the 8th Annual General Meeting to the conclusion of the 13th Annual General Meeting.”

## SPECIAL BUSINESS

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder read with Schedule IV to the Companies Act, 2013, Ms. Lalitha Raghuram with DIN No. 07161344, who was appointed as an Additional Director of the Company by the Board of Directors in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing Ms. Lalitha Raghuram for the office of Director of the Company, who meets the criteria for independence under Section 149 of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company to hold office upto the conclusion of the 14th Annual General Meeting, not liable to retire by rotation”
5. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:  

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder read with Schedule IV to the Companies

Act, 2013, Mr. D Ranga Raju with DIN No. 00066546, who was appointed as an Additional Director of the Company by the Board of Directors in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing Mr. D Ranga Raju for the office of Director of the Company, who meets the criteria for independence under Section 149 of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company to hold office upto the conclusion of the 14th Annual General Meeting, not liable to retire by rotation”

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

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactments thereof, for the time being in force), Mr. Dantu Mitra, the Cost Auditor appointed by the Board of Directors of the Company, to conduct the Cost Audit in relation to the products - ‘Manufactured Fertilizer’ and ‘Micro Irrigation’ of the Company for the financial year ending March 31, 2016, be paid the remuneration as may be fixed by the Board of Directors of the Company.”
7. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:  

“RESOLVED THAT pursuant to Section 188 of the Companies Act, 2013 and other applicable provisions and the Rules made thereunder, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to approve the contribution not exceeding Rs. 2 crores during the Financial Year 2015-2016 to Nagarjuna Foundation, a Section 8 Company under the Companies Act, 2013 with Registered Office at D.No. 8-2-248, Nagarjuna Hills, Punjagutta, Hyderabad - 500 082, to be paid in one or more tranches as required from time to time for undertaking Corporate Social Responsibility activities on behalf of the Company.”
8. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:  

“RESOLVED THAT in supersession of Resolution No. 2 passed at the Extra-Ordinary General Meeting of the Company held on February 25, 2011 and pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, as amended from time to time, consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to borrow any sum or sums of money from time to time which together with the loans obtained from the Company’s bankers in the ordinary course of business may exceed at any time in aggregate of the paid-up capital of the Company and its free reserves (that is to say, reserves not set apart for any specific purpose) upto a sum not exceeding Rs. 7500 crores (Rupees Seven Thousand Five Hundred crores only) and that the Directors be and

are hereby empowered and authorized to arrange or fix the terms and conditions of all such moneys to be borrowed from time to time as to interest, repayment, security or otherwise howsoever they may think fit.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary to give effect to this Resolution.”

9. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

“RESOLVED THAT in supersession of Resolution No. 3 passed at the Extra-Ordinary General Meeting of the Company held on February 25, 2011 and pursuant to Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, as amended from time to time, consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to mortgage and/ or create charge on all immovable or movable properties or such other assets of the Company wherever situate, present or future and/or with the power to enter upon and take possession of the assets of the Company in certain events on such terms and conditions, and at such time or times and in such form or manner, as it may think fit, to or in favour of the Financial Institutions, Banks, Trustees for Debenture holders, Trustees of ECBs and/or Bonds issued/ proposed to be issued to secure the term loans, debentures, ECBs, Bonds and all other types of loans and/or indebtedness, together with interest, cost, charges, expenses and other monies including premium, payable in the above connection in terms of the agreement to be entered into between the Company and Financial Institutions, Banks, Trustees for Debenture holders, Trustees of ECBs and/or Bonds issued, such security to rank pari-passu with, or second or subservient to, the mortgages and/or charges already created or to be created by the Company or in such manner as may be agreed to between the concerned parties as may be thought expedient by the Board and further that the Board be and is hereby authorized to finalize and execute the documents and any other documents, papers and writings for creating the aforesaid mortgage and/or charges and to do all such acts, deeds and things, as may be necessary for implementing this execution”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary to give effect to this Resolution”

**By Order of the Board**

Hyderabad  
July 23, 2015

**M Ramakanth**  
Company Secretary  
Membership Number : FCS 1851

## 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 AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

**A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.**

2. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to the Special Business set out in the Notice is annexed.
3. Instrument of proxies in order to be effective must be deposited at the Company’s registered office not less than 48 hours before the meeting.
4. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement entered into with the Stock Exchanges, the company is providing remote e-voting facility to enable shareholders to cast their vote electronically on all the resolutions set forth in the Notice to the 9th Annual General Meeting to be held on Tuesday i.e., September 29, 2015 at 10.00 hours. The Company has engaged the services of Central Depository Services (India) Limited to provide remote e-voting platform to the shareholders.  
  
Please refer to the detailed instructions on remote e-voting at page no. 104 of the Annual Report 2014-15.  
  
Shareholders holding shares in demat form and shareholders who have registered their email id with the Company will also receive the remote e-voting instructions by email.
5. Shareholders who do not have access to remote e-voting facility may use the enclosed Ballot Form and send their assent or dissent on or before close of business hours (5.30 PM) on September 28, 2015.
6. Members are requested to notify immediately the change, if any, of the address registered with the Company.
7. Members desiring to seek any information on the annual accounts are requested to write to the Company at an early date to enable compilation of information.
8. The Register of Members and the Share Transfer Books will remain closed from September 22, 2015 to September 29, 2015 (both days inclusive).
9. The Company has received approval for listing of 59,80,65,003 equity shares from Bombay Stock Exchange on December 14, 2011 and In-principle approval for listing from National Stock Exchange on January 13, 2012. The Company is awaiting relaxation from SEBI under Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957. Members may please refer to the Directors Report for more information on the matter.

10. The Company has paid the initial listing fees to The Bombay Stock Exchange and The National Stock Exchange of India Limited, Mumbai.
11. Members whose shareholding is in the electronic mode are requested to inform change of address, notifications and updates of bank account details to their respective Depository Participants.
12. Members are requested to update the new bank account number allotted after implementation of Core Banking Solutions (CBS) to the Company in case of shares held in physical form and to Depository Participant (DP) in case of shares held in demat form.
13. The Securities and Exchange Board of India has notified that the shareholders/transferee of shares (including joint holders) holding shares in physical form are required to furnish a certified copy of their PAN Card to the Company while transacting in the securities market including transfer, transmission or any other corporate action.  
  
Accordingly, all the shareholders/transferee of shares (including joint holders) are requested to furnish a certified copy of their PAN Card to the Company while transacting in the securities market including transfer, transmission or any other corporate action.
14. Members wishing to claim dividends, which remain unclaimed, are requested to correspond with the Company, at the Company's Registered Office. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124 of the Companies Act, 2013, (Section 205C of the Companies Act, 1956) and such other enactments or regulations in lieu thereof that maybe in force from time to time, be transferred to the Investor Education and Protection Fund.  
  
The Company in accordance with the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, has uploaded the details of unpaid and unclaimed amounts lying with the Company as on September 26, 2014 (date of last Annual General Meeting) on the website of the Company ([www.nagarjunafertilizers.com](http://www.nagarjunafertilizers.com)), as also on the website of the Ministry of Corporate Affairs.
15. The Annual Report 2014-2015 along with the Notice of the 9th Annual General Meeting, instructions on remote e-voting, Ballot Form, attendance slip and proxy form is being mailed in electronic mode to all the members whose email addresses are registered with the Company/Depository Participant unless communication is received to the contrary. Printed copies of the documents shall be mailed to members who have not registered their email addresses with the company/Depository Participant or have requested for the same.  
  
The Notice of the 9th Annual General Meeting alongwith the Annual Report 2014-2015 will be available on the Company's website, [www.nagarjunafertilizers.com](http://www.nagarjunafertilizers.com)
16. Shareholders requiring a printed copy of the Annual Report may forward their request to the Company in writing.
17. Members are requested to address all correspondences, including dividend matters, to Nagarjuna Fertilizers and Chemicals Limited, Investors Services Cell, Plot No 1, Punjagutta, Nagarjuna Hills, Hyderabad - 500 082.

18. Shareholders who have not furnished their e-mail ids are requested to furnish the same to enable the Company forward all the requisite information in electronic mode.
19. The Company has designated an exclusive e-mail ID titled [investors@nagarjunagroup.com](mailto:investors@nagarjunagroup.com) for redressal of shareholder's complaints/grievances. In case you have any queries/complaints or unresolved grievances, please write to us at [ramakanthm@nagarjunagroup.com](mailto:ramakanthm@nagarjunagroup.com).

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### Item No. 4 and 5

The Board of Directors of the Company have on March 25, 2015 appointed Ms. Lalitha Raghuram and Mr. D Ranga Raju as Additional Directors of the Company

The company has received notices in writing under the provisions of Section 160 of the Companies Act, 2013, from members alongwith deposit of Rs.1,00,000/- each proposing the candidature of Ms. Lalitha Raghuram and Mr. D Ranga Raju as Independent Directors as per the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Ms. Lalitha Raghuram and Mr. D Ranga Raju, the following:

- a) Consent in writing to act as Director in Form DIR- 2
- b) Declaration in Form DIR-8 confirming that they are not disqualified under Section 164(2) of the Companies Act, 2013.
- c) Declaration as per Section 149 (6) of the Companies Act, 2013, that they meet the criteria of independence.

It is proposed to appoint Ms. Lalitha Raghuram and Mr. D Ranga Raju as Independent Directors of the Company not liable to retire by rotation upto conclusion of 14th Annual General Meeting pursuant to the provisions of Section 149 of the Companies Act, 2013 and the Listing Agreement.

In the opinion of the Board, Ms. Lalitha Raghuram and Mr. D Ranga Raju fulfill the conditions for appointment as Independent Directors as specified in the Act, Rules made thereunder and the Listing Agreement.

Ms. Lalitha Raghuram and Mr. D Ranga Raju are independent of the management.

Ms. Lalitha Raghuram is the Country Director of MOHAN Foundation which is a not-for-profit, non-governmental organization started to promote organ donation. She has recently been elected as an "Ashoka Fellow" with formal induction on February 27, 2015 in Delhi. Ashoka is one of largest networks of social entrepreneurs worldwide that recognizes individuals that create large-scale impact through new innovations to solve social problems. Ms. Lalitha Raghuram has played a pivotal role in bringing together all the stakeholders in building a culture of eye and organ donations in India. She brings substantial managerial and administrative experience in view of her present role.

Mr. D Ranga Raju is a commerce graduate and has over 42 years of work experience in manufacturing and marketing of fertilizers and agrochemicals.

Details in relations to names of companies in which they hold directorships and memberships / chairmanships of Board Committees,

shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

Copy of the letters for respective appointments of Ms. Lalitha Raghuram and Mr. D Ranga Raju as Independent Directors setting out the terms and conditions are available for inspection by Members at the Registered Office of the Company during normal working hours on any working day upto the date of the Annual General Meeting.

None of the Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions except Ms. Lalitha Raghuram and Mr. D Ranga Raju.

The Board commends the Ordinary Resolutions set out at Item No. 4 and 5 of the Notice for approval of the shareholders.

#### Item No 6

The Board of Directors at their meeting held on May 16, 2015, on the recommendation of the Audit Committee, have approved the appointment of Mr. Dantu Mitra as the Cost Auditor to conduct the audit of the cost records of the Company for the financial year ending March 31, 2016.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor has to be approved by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out in Item No. 6 of the Notice for payment of remuneration as fixed by the Board of Directors for the Financial Year 2015-16.

None of the Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 6 of the Notice for approval of the shareholders.

#### Item No. 7

The Company has been undertaking various Corporate Social Responsibility (CSR) activities since the year 2008 under the aegis of Nagarjuna Foundation, a not-for-profit Company under Section 8 of the Companies Act, 2013. In terms of Section 135 of the Companies Act, 2013, the Company is required to spend at least 2% of the average net profits of the Company made during the three immediately preceding financial years on CSR activities.

The Company proposes to continue to contribute to Nagarjuna Foundation for undertaking CSR activities in view of its commitment to the society.

Nagarjuna Foundation is a 'Related Party' within the meaning of Section 2(76) of the Companies Act, 2013. All Related Party transactions requires approval of the members of the Company by way of special resolution unless the transaction is at arms length basis.

The contribution though on arms length basis is being placed before the shareholders for approval, as a matter of good governance.

The particulars of the transaction are as under:

a) Name of the Related Party: Nagarjuna Foundation

b) Name of the Director or Key Managerial Personnel who is interested:

Mr. K S Raju and Mr. K Rahul Raju

c) Nature of relationship:

(i) Mr. K Rahul Raju is a Director in both companies and holds 49.98% of equity capital of Nagarjuna Foundation

(ii) Mr. K S Raju is a Director of the Company and Nagarjuna Foundation

d) Nature, material terms, monetary value and particulars of the contract or arrangement:

Contribution of Rs.2 Crores to Nagarjuna Foundation for the financial year 2015-2016 in one or more tranches as required from time to time for undertaking CSR activities.

e) Any other information relevant or important for the members to take a decision on the proposed resolution: NIL

Your Directors commend the resolution for approval of members as a Special Resolution.

None of the Directors or Key Managerial Personnel of the Company or their relatives, except Mr. K Rahul Raju and Mr. K S Raju are concerned or interested in the resolution.

#### Item Nos. 8 and 9

The Members at the Extra-Ordinary Meeting held on February 25, 2011 through Special Resolution approved borrowing not exceeding Rs.7500 crores and creation of charge in accordance with Section 293(1)(d) and 293(1)(a) of the Companies Act, 1956.

Section 180(1)(c) and Section 180(1)(a) of the Companies Act, 2013 states that the Board of Directors of a Company shall exercise the above powers only with the consent of the Company by a Special Resolution.

The Members had approved the resolutions on February 25, 2011 as Special Resolutions and no fresh approval is necessary. As a matter of abundant caution and to bring the approvals in line with the Companies Act, 2013, approval of the Members is being sought to borrow any sum or sums of money not exceeding at any time the sum of Rs. 7500 crore and approval for creation of mortgages, charges and hypothecations to secure borrowings in accordance with the provisions of Section 180(1)(c) and Section 180(1)(a) of the Companies Act, 2013.

Your Directors commend the resolutions for approval of members as Special Resolutions

None of the Directors or Key Managerial Personnel of the Company or their relatives, are concerned or interested in the resolution.

#### Inspection of Documents

**The documents pertaining to Special Business are available for inspection at the Registered Office of the Company between 10.30 a.m. and 12.30 p.m. on any working day prior to the meeting.**

**By Order of the Board**

Hyderabad  
July 23, 2015

**M Ramakanth**  
Company Secretary  
Membership Number : FCS 1851

# Directors' Report

Your Directors have pleasure in presenting the 9th Annual Report together with the Audited Accounts of your Company for the year ended March 31, 2015.

The financial results and the consolidated financial results of the Company for the year ended March 31, 2015 are as under :

## A. BUSINESS AND FINANCIAL HIGHLIGHTS

Financial Results		₹ in Crores	
Particulars	2014 – 2015 Current year	2013 – 2014 Previous year	
Net Sales/Income from Operations	2531.52	3448.43	
Other Income	40.99	32.29	
Total Expenditure			
a. (Increase)/decrease in Stock	(50.38)	13.40	
b. Cost of materials consumed	598.62	713.80	
c. Employee benefits expense	137.73	136.89	
d. Purchase of traded products	1066.85	1443.83	
e. Power and fuel	397.46	479.53	
f. Other expenses	323.37	409.48	
Total	2473.65	3196.93	
Finance cost	236.46	281.74	
Depreciation and amortization	93.44	126.15	
Profit/ (Loss) before exceptional items, extra-ordinary items and tax	(231.04)	(124.10)	
Exceptional Items	43.44	205.61	
Profit/ (Loss) before extra-ordinary items and tax	(274.48)	(329.71)	
Extra-ordinary items	87.15	-	
Profit/(Loss) before tax	(361.63)	(329.71)	
Provision for tax	-	16.31	
Deferred tax	4.99	(106.91)	
Profit / (Loss) after tax	(366.62)	(239.11)	
Dividend – equity shares	-	-	
Tax on proposed dividend	-	-	
Balance c/d to Balance Sheet	(366.62)	(239.11)	
Paid Up equity share capital (Face value of ₹1/- per share)	59.81	59.81	
Reserves excluding revaluation reserve	1645.96	2086.59	
Earnings per share (annualized) – in ₹			
Basic and Diluted	(6.13)	(4.00)	

Consolidated financial statements are also attached alongwith the financial statements of the Company.

### Financial Summary

The Loss after tax for the year was ₹366.62 crores against loss after tax of ₹239.11 crores for the previous year.

The loss has arisen in view of the short supply of Natural Gas by GAIL (India) Limited (GAIL) and Reliance Industries Limited and the non-supply of Natural Gas by GAIL consequent to the blast in the gas pipeline of GAIL on June 27, 2014 and the Company's Plants being

Consolidated Financial Results		₹ in Crores	
Particulars	2014 – 2015 Current year	2013 – 2014 Previous year	
Net Sales/Income from Operations	2531.52	3448.43	
Other income	41.02	36.07	
Total expenditure			
a. (Increase) /decrease in stock	(50.38)	13.40	
b. Cost of materials consumed	598.63	713.80	
c. Employee benefits expense	137.76	136.91	
d. Purchase of traded products	1066.85	1443.82	
e. Power and fuel	397.46	479.53	
f. Other expenses	323.48	409.58	
Total	2473.80	3197.04	
Finance cost	236.49	281.75	
Depreciation and amortization	93.50	126.15	
Profit/ (Loss) before exceptional items, extra-ordinary items and tax	(231.25)	(120.44)	
Exceptional Items	123.92	205.61	
Profit/ (Loss) before extra-ordinary items and tax	(355.17)	(326.05)	
Extra-ordinary items	31.85	-	
Profit/ (Loss) before exceptional items, extra-ordinary items and tax	(387.02)	(326.05)	
Provision for tax	-	16.42	
Deferred tax	4.99	(106.91)	
Profit / (loss) after tax before minority interest	(392.01)	(235.56)	
Share of Loss transferred to Minority Interest	-	-	
Share of Loss from Associate Company	-	-	
Profit / (Loss) for the year	(392.01)	(235.56)	
Dividend-equity shares	-	-	
Tax on proposed dividend	-	-	
Balance c/d to balance sheet	(392.01)	(235.56)	
Paid-up equity share capital (Face value of ₹1/- per share)	59.81	59.81	
Reserves excluding revaluation reserve	1641.82	2103.16	
Earnings per share (annualized) – in ₹			
Basic and Diluted	(6.55)	(3.94)	

shut down totally till August 16, 2014 coupled with delays in realization of subsidy dues from Government of India and its consequent effect on Working Capital during the year 2014-15 as compared to the previous year.

The production at the Plants was restored in a phased manner based on the supply of natural gas by GAIL. Further, the shortfall in supply of Natural Gas had a cascading effect on the energy consumption norms and other parameters of the Company resulting in abnormal losses.

The Company understands from GAIL that the supply of Natural Gas is likely to be restored to normalcy.

The higher quantum of loss is also attributed to impairment loss of wind mill and provision for diminution in value of investment and advances made to the subsidiary Company, Nagarjuna Industrial Services and Investment Private Limited which made investment in an associate Company in Germany i.e., Nagarjuna Spawnt GmbH, which has been put to insolvency.

#### Share Capital and Debentures

The paid-up equity capital of the Company as on March 31, 2015 is ₹59,80,65,003/- consisting of 59,80,65,003 equity shares of ₹1/- each.

The Shares and Debentures Committee of Directors at their meeting held on June 20, 2014 allotted 100,41,00,000 number of 10.25% Secured Redeemable Non-Convertible Non-Cumulative Debentures of ₹1/- each fully paid-up aggregating to ₹100.41 crores to the lenders of the Company as part of settlement of recompense for exiting Corporate Debt Restructuring.

The Company has subsequently redeemed 6,83,42,480 number of Debentures from out of the debentures issued referred to above.

#### Reserve

The details of amounts, which the Company proposes to carry to reserves are detailed in the Notes to Accounts.

#### Restructuring

The Composite Scheme of Arrangement and Amalgamation between Kakinada Fertilizers Limited (KFL), Ikisan Limited (Ikisan), Nagarjuna Fertilizers and Chemicals Limited (NFCL) and Nagarjuna Oil Refinery Limited (NORL) (Composite Scheme) was approved by the Hon'ble High Court of Bombay at Mumbai on June 17, 2011 and by the Hon'ble High Court of Andhra Pradesh at Hyderabad on June 27, 2011.

Consequent to the approval of the Jurisdictional High Courts the Composite Scheme was made effective on July 30, 2011 i.e., 'Effective Date' but operative from 'Appointed Date' i.e., April 1, 2011. With effect from July 30, 2011, the 'Oil Business Undertaking' of Erstwhile NFCL was demerged into NORL and the residual NFCL along with Ikisan were merged into your Company.

Your Company had filed applications for listing of equity shares with Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) on October 7, 2011. BSE approved application of the Company for listing of 59,80,65,003 equity shares on December 14, 2011 and NSE provided in-principle approval for listing of 59,80,65,003 equity shares on January 13, 2012 subject to obtaining relaxation from Securities and Exchange Board of India (SEBI) under Rule 19(2)(b) of Securities Contracts (Regulation) Rules, 1957

Your Company had been persistently following up with SEBI for relaxation under Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957 and has furnished all necessary documents/ clarifications from time to time after having complied fully with the provisions of the Companies Act, 1956, Listing Agreement and other statutory enactments in force.

Your Company has not received any intimation from SEBI in relation to the granting of the relaxation.

An application has been filed by SEBI in the High Court of Bombay at Mumbai challenging the approval granted to the Composite Scheme. The Company is contesting the application and the matter is subjudice.

Your Company, in view of the prolonged delay by SEBI, has filed an application before Securities Appellate Tribunal (SAT) to direct SEBI to grant relaxation/waiver of Rule 19(2)(b) of Securities Contract (Regulation) Rules, 1957

Your Company is taking all necessary steps to protect itself and the interest of all its stakeholders and shall keep the stakeholders informed of progress on the matter from time to time.

#### Plant Operations

##### Urea

Your Company during the year manufactured 9.32 LMT of urea as against 14.28 LMT in the previous year.

The reduction in the production during the year compared to previous year was due to shortage of supply of Natural Gas to the Company.

##### Micro-Irrigation

Your Company achieved a production of 1,547 Lakh Mtrs against 1,738 Lakh Mtrs during the previous year.

##### Customized Fertilizers

Customized Fertilizers production and sale was restricted on account of difficult market conditions during the year.

##### Marketing

##### Urea

Your Company achieved a sale of manufactured urea of 9.33 LMT compared to 14.60 LMT in the previous year.

The total urea sales for both manufactured and imported was 22.35 LMT compared to 31.45 LMT of previous year.

##### Other Traded Products

##### Bulk Products

Your Company has not sold any Bulk products during the year, in comparison with sales of 1,34,303 MTS during the previous year.

##### Specialty Fertilizers

Your Company sold Specialty Fertilizers of ₹114.22 crores during the year, in comparison with sales of ₹81.33 crores during the previous year

##### Micro-nutrients

Your Company sold Micro-nutrients of ₹177.26 crores during the year, in comparison with sales of ₹66.57 crores during the previous year.

##### Environment and Safety

##### Environment

Your Company continues its mission of protecting the environment and has inculcated the concept right down the organization.

The statutory compliance on environmental matters are being complied from time to time.

##### Safety

Your Company as on March 31, 2015 completed 30,39,347 million accident-free man-hours by employees of the Company.

##### Gas Supply

Consequent to the blast in gas pipeline of GAIL on June 27, 2014, and the resultant non supply of gas, the Company's plants were shut down till August 16, 2014. The production was restored in a phased manner based on the restoration of supply of gas by GAIL. In view of short

supply of Natural Gas during the year, the production at the Company's plants continued to be substantially lower than normal resulting in abnormal losses.

#### Research and Development

Your Company is actively pursuing the development of technologies to propel its core business and allied new business. The focus areas for technology development are in the areas of Plant Nutrition Solutions and Green Chemicals. In each of these areas, the Company has made substantial progress. The new products and processes are expected to provide a sustainable competitive advantage and better market share thereby propelling the business growth.

#### Corporate Debt Restructuring (CDR)

The Company was sanctioned a restructuring proposal by the Corporate Debt Restructuring (CDR) Cell in the year March 2004 under the CDR system.

The Company has been granted approval to exit the CDR system during the year and has also settled the recompense payable to the Lenders.

#### Awards

Your Company during the year bagged various prestigious awards such as:

- ICC award for "Excellence in Management of Health, Safety & Environment"
- "Safety Award for the year 2013-14" from Fertilizer Association of India (FAI) for the year 2013-14
- "Certificate of Appreciation" as part of Safety Award 2013 from National Safety Council of India in recognition of appreciable achievement in Occupational Safety & Health during the assessment period of three years 2010-2012
- "Compliance Champion 2014" has been awarded to Mr. M Ramakanth, Company Secretary at the Annual Compliance Awards 2014 organized by Legasis Services Private Limited

#### Change in the nature of business

There is no change in the nature of business.

#### Subsidiaries, Joint Ventures or Associate Companies

There has been no change in relation to any subsidiary, joint venture or associate Company during the year.

#### Accounts of Subsidiaries

Consolidated financial statements are enclosed alongwith the financial statements of the Company. The subsidiaries considered in the preparation of the consolidated financial statements were Nagarjuna Industrial Services and Investments Private Limited and Jaiprakash Engineering and Steel Company Limited.

Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures appears as **Annexure I** to this Report.

There is no material fact that requires mention on the performance and financial position of the subsidiaries in view of the details given on the subsidiaries as follows:

#### Jaiprakash Engineering and Steel Company Limited (JESCO)

JESCO is considering implementing various projects to utilize the available land appropriately and gainfully.

#### Nagarjuna Industrial Services and Investments Private Limited (NIS IPL) (formerly known as Nagarjuna Mauritius Private Limited)

NISIPL is a wholly owned subsidiary of the Company with a paid up capital of Euro 5 Million. The Company has invested Euro 5 Million in the form of equity and Euro 4.225 Million as loan which has been reinvested in Nagarjuna Spawnt GmbH, Germany (NSG).

Due to financial constraints, it was decided not to invest further monies into this business. NSG has since been declared Insolvent by the Court in Germany.

#### Spawnt Private S.à.r.l, Luxembourg (Spawnt)

Spawnt owns patents which were used by NSG for manufacturing chemicals for solar applications through the Cold Plasma Technology process.

NISIPL has acquired the entire equity share capital of Spawnt Private S.à.r.l, Luxembourg, a private limited liability Company incorporated and existing under the laws of the Grand Duchy of Luxembourg in view of non-payment of loan making it the step-down subsidiary of the Company.

#### Material changes and commitments

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

### B. DIRECTORS, BOARD COMMITTEES, KEY MANAGERIAL PERSONNEL AND REMUNERATION

#### Directors

##### Nominee Directors

Mr. Viney Kumar, Executive Director, IDBI Bank Limited, Mumbai had joined the Board as Nominee Director of IDBI Bank Limited with effect from April 21, 2014 in place of Ms. Medha Joshi. Thereafter, IDBI Bank Limited appointed Mr. Shailendra Govind Nadkarni, General Manager – HRD, IDBI Bank Limited, Mumbai, as their Nominee Director with effect from August 26, 2014, in place of Mr. Viney Kumar.

IFCI Limited appointed Mr. Pawan Kumar, General Manager as their Nominee Director in place of Mr. V Anish Babu with effect from February 13, 2015.

The Board placed on record the valuable contribution made by Ms. Medha Joshi, Mr. Viney Kumar and Mr. V Anish Babu, during their tenure as Directors on the Board.

##### Non-Executive Directors

In accordance with the Articles of Association of the Company, Mr. Chandra Pal Singh Yadav retires at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

The Board of Directors recommend his re-appointment for consideration of the shareholders.

##### Independent Directors

In accordance with Section 149, 152 and Schedule IV read with relevant Rules of the Companies Act, 2013, Mr. D Ranga Raju and Ms. Lalitha Raghuram are proposed to be appointed as Independent Directors of the Company not liable to retire by rotation upto the conclusion of 14th Annual General Meeting pursuant to the provisions of Section 149 of the Companies Act, 2013 and the Listing Agreement.

### Declaration by Independent Directors

The Independent Directors have submitted their disclosure to the Board that they fulfill all the requirements as to qualify as an Independent Director under Section 149(6) of the Companies Act, 2013 as well as Clause 49 of the Listing Agreement.

### Executive Directors

#### Mr. K S Raju

Mr. K S Raju was appointed as Chairman of the Company for a period of three years effective from August 1, 2014. His term of appointment expires on July 31, 2017.

#### Mr. K Rahul Raju

Mr. K Rahul Raju was appointed as Managing Director of the Company for a period of three years effective from August 1, 2014. His term of appointment expires on July 31, 2017.

The Company based on the approvals obtained from the Board of Directors and the shareholders at the Annual General Meeting held on September 26, 2014 filed applications with the Central Government for approval for payment of remuneration to Mr. K S Raju, Chairman and Mr. K Rahul Raju, Managing Director for the period April 1, 2013 to March 31, 2014, April 1, 2014 to July 31, 2014 and August 1, 2014 to July 31, 2017. The Central Government considered the applications of the Company and in view of the Companies Act, 1956 being repealed and the Companies Act, 2013 coming into force from April 1, 2014, returned the applications filed for Mr. K S Raju, Chairman and Mr. K Rahul Raju, Managing Director for the period April 1, 2013 to March 31, 2014 and April 1, 2014 to July 31, 2014. The Central Government further stated that the Company may make application for waiver of recovery of excess remuneration paid after complying with the statutory requirements.

The Company has since filed necessary applications with the Central Government in this regard. The application made by the Company for the re-appointment and payment of remuneration for the period August 1, 2014 to July 31, 2017 are pending.

### Key Managerial Personnel

Mr. M Ramakanth, Company Secretary and Mr. Sudhir Bhansali, Chief Financial Officer alongwith the other Directors are the Key Managerial Personnel of the Company. There were no changes in relation to the Key Managerial Personnel during the year.

### Meetings of the Board

The Board of Directors of the Company had met five times during the year April 1, 2014 to March 31, 2015 and the date of Board Meetings are May 29, 2014, July 30, 2014, September 26, 2014, November 10, 2014 and February 13, 2015.

### Remuneration and other particulars of the Directors/Key Managerial Personnel/Employees

The information relating to remuneration and other particulars of the Directors/Key Managerial Personnel/Employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 appears as **Annexure - II(a)**.

### Personnel

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment

and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules appears as **Annexure – II(b)**.

### Committees

#### Audit Committee

In compliance with the provisions of Section 292A of the Companies Act, 1956 and the listing agreement entered into with the Stock Exchanges, the Company had constituted on July 27, 2011 an Audit Committee consisting of highly qualified and experienced members from various fields.

The Audit Committee was re-constituted and the terms of reference enlarged with effect from May 29, 2014 to bring it in line with the provisions of Companies Act, 2013 and the revised Clause 49 of the Listing Agreement. The Chairman of the committee is Dr. N C B Nath, an Independent Director and the committee consists of three Independent Directors and one Whole-time Director.

The Committee meets periodically to review the internal audit report and the quarterly financial statements and recommends its findings to the Board apart from taking action independently whenever required. The Statutory Auditors, Company Secretary and the Internal and Cost Auditors attend and participate in the Audit Committee Meetings.

The Audit Committee presently comprises of

Dr. N C B Nath	Chairman and Independent Director
Mr. S R Ramakrishnan	Member and Independent Director
Ms. Lalitha Raghuram	Member and Independent Director
Mr. K S Raju	Member and Chairman

#### Nomination and Remuneration Committee

The Nomination and Remuneration Committee was constituted with effect from April 22, 2014 in compliance with the provisions of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement

The Company has also adopted a Nomination and Remuneration Policy with effect from October 1, 2014 for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees.

#### Stakeholders Relationship Committee

The Stakeholders Relationship Committee was constituted with effect from April 22, 2014 in compliance with the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement

## C. DISCLOSURES

### Company Policy Matters

Your Company's endeavor has always been to maintain transparency and accountability to its stakeholders. In this direction, various policies mentioned in the Corporate Governance Report have been implemented to enable the stakeholders to appreciate the various interventions the Company has taken.

The implementation of these policies are reviewed periodically by the Board of Directors and updated regularly.

The Company has set up a Grievance Redressal Mechanism for all its associates. The Grievance Redressal Mechanism is aimed to redress the grievances of associates expeditiously to ensure good working atmosphere and culture in the organization.

The Company has during the year drawn-up a Nomination and Remuneration Policy and Board Evaluation Policy and made it effective from October 1, 2014 and Policy of Material Subsidiaries in November 10, 2014

#### **Risk Management Policy**

The Board of Directors of the Company in accordance with the revised Clause 49 of the Listing Agreement had constituted a Risk Management Committee of the Board of Directors which shall frame, implement and monitor risk management plan of the Company and lay down procedures to inform the Board of the risk assessment and risk minimization procedures in the Company.

The Company has an Enterprise Risk Management System set up as per Clause 49 of the listing agreement entered into Stock Exchanges.

As per the Risk Management System, the risks of the Company are being regularly identified/assessed and documented by way of individual profiles and risk registers. The Company is also maintaining web based risk management application by each department/division at plant as well as Corporate Office to manage and control the risk in structured manner.

The Risk Management Organization Structure consists of Risk Management Steering Committee (RMSC) at apex level, and at divisional level, Corporate Risk Management Committee (CRMC) and Plant Risk Management Committee (PRMC) were formed to facilitate monitoring and governance of the ERM process under the purview of Chief Risk Officer on an ongoing basis.

Periodical meetings of the CRMC and PRMC are being held wherein the critical, cautionary and acceptable risks are presented by the departments through web based RMS application. During such presentations, various cross-functional deliberations take place on the contributing factors and the control measures to mitigate the risks. The outcome of CRMC and PRMC deliberations and the analysis of risks are being presented to RMSC on a quarterly basis.

The Chief Risk Officer of the Company and the Compliance Officer attend all the meetings of the Risk Management Committee.

#### **Policy on Board Evaluation**

The Policy on Board Evaluation was adopted with effect from October 1, 2014 by the Board of Directors in compliance of Companies Act, 2013 and the Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

The purpose of the policy is to assess the effectiveness of the Board as a whole, Committees of Board and Individual Directors (Independent and Non-Independent) on regular basis and to take necessary steps for improving the effectiveness of the Board.

The Nomination and Remuneration Committee have devised the methodology, identified sample tools for evaluation and also laid down the parameters for evaluation of Executive and Non-Executive Directors, Independent Directors, Chairman, Committees of the Board and the Board.

The Nomination and Remuneration Committee, have based on the responses received from Directors, evaluated the Directors, conveyed the opinion of the Committee to the Directors, Committees and the Board.

In view of the evaluation not linked to payment of remuneration as the Company has opted only for payment of sitting fees, the evaluation has no financial implications on the Company.

#### **Whistle Blower Policy**

The Company formulated a policy to prohibit managerial personnel from taking adverse personnel action against employees disclosing in good faith, alleged wrongful conduct on matters of public concern involving violation of any law, mismanagement, misappropriation of public funds, among others.

Employees aware of any alleged wrongful conduct are encouraged to make a disclosure to the Audit Committee.

No personnel of the Company was denied access to the Audit Committee.

#### **Corporate Social Responsibility**

The Nagarjuna Group always desired to play a proactive role in societal development with an intention to bring positive change in the lives of many. We at the Nagarjuna Group under the aegis of Nagarjuna Foundation started several CSR activities six years ago and continue to support the initiatives.

An initiative started in 2009 with the spirit of making a difference, has today deepened its roots and is making a bigger impact and changing many more lives.

The dedicated support, strength, initiative and encouragement from the associates of the Group to be part of this initiative gave impetus to the movement.

The Company during the year spent a sum of around ₹ 90 lakhs towards the CSR activities.

The report on CSR activities and the CSR Responsibility statement signed by Managing Director and CSR Committee, appears in **Annexure III** to this Report.

Your Company made contribution in areas of education, sports, healthcare and community welfare under the aegis of Nagarjuna Foundation and during the year proposes to collaborate with various leading organizations, charitable and other funds or trusts.

#### **Corporate Governance**

Your Company driven by a desire to be more competitive and recognized globally, had inculcated more than a decade ago rules defining ethical business, much before it was introduced as statutory compliance through Clause 49 of the Listing Agreement and now Companies Act, 2013.

Your Company firmly believes that building a culture of compliance is more than meeting regulations and standards. Your Company has always proactively met mandated standards and practiced Corporate Governance in spirit and not just as letter of the law.

A report on Corporate Governance along with the Practicing Company Secretary's Certificate on its compliance is annexed hereto. Your Company is happy to inform you that there were no adverse remarks/qualifications/reservations raised in the Corporate Governance Report.

#### **Sustainability Report**

The Company, as a good governance practice, has compiled a Sustainability Report.

A detailed report on the sustainability initiatives taken up by the Company is published in the Nagarjuna Sustainability Report. The report is available on the Company's website [www.nagarjunafertilizers.com](http://www.nagarjunafertilizers.com).

Shareholders interested to have a copy of the report may request for the same.

#### **Related Party Transaction**

Particulars of Contracts or Arrangements with Related parties referred to in Section 188(1) appear as **Annexure IV**.

The transactions with related party are at an arms length basis.

#### **Particulars of loans, guarantees or investments**

There were no loans, guarantees or investments under Section 186 during the Financial Year 2014-15.

#### **Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo**

Disclosure in terms of Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 in respect of conservation of energy, technology absorption, earnings and outgo of foreign exchange are attached as **Annexure-V** to this Report.

#### **Extract of Annual Return**

Extract of Annual Return appears as **Annexure – VI** to this Report

#### **Significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future**

There were no orders passed by Regulators or Courts or Tribunals impacting the going concern status and future Company's operations

#### **Adequacy of internal financial controls with reference to Financial Statements**

The Company maintains all its records in SAP system and the work flow and approvals are routed through SAP.

The Company's Internal Auditors scrutinize on periodical basis and ensure that the internal controls and the work flow of the organization is being done through the approved policies of the Company. In every quarter, the Internal auditors present the Internal Audit Report and Management comments on the Internal Audit observations to the Audit Committee .

The Board of Directors of the Company have adopted various policies like the Related Party Transaction, Whistle Blower Policy etc for ensuring the orderly and efficient conduct of its business for safeguarding its assets, prevention and detection of frauds and

errors, accuracy and completeness of accounting records and timely preparation of reliable financial information.

#### **Registrar and Share Transfer Agents**

The Company has been functioning as Category II Share Transfer Agent (in-house) pursuant to the Securities and Exchange Board of India (SEBI) approval to the Company.

#### **Deposits**

The Company has not accepted any deposits during the year nor are there any unpaid/unclaimed deposits at the end of the year.

### **D. AUDITORS AND AUDIT REPORT**

#### **Statutory Auditors**

M/s. M Bhaskara Rao & Co., Chartered Accountants, Hyderabad, the Company's auditors were appointed at the 8th Annual General Meeting for a term of five years from the conclusion of 8th Annual General Meeting to the conclusion of 13th Annual General Meeting subject to ratification by the Members of the Company every year.

M/s. M Bhaskara Rao & Co have signified their willingness to accept ratification of their appointment and have further confirmed their eligibility under Section 141 of the Companies Act, 2013.

The Company's Statutory Auditors have also furnished a certificate from the Peer Review Board of the ICAI confirming that they have undergone the process of peer review.

The Board of Directors in accordance with the provisions of Section 139 of the Companies Act, 2013 and Rules made thereunder commend the ratification of the appointment of Statutory Auditors for the Financial year 2015-16 for consideration of the shareholders.

#### **Audit Reports**

There are no adverse comments in the Report of the Statutory Auditors' of the Company except emphasis on the matters relating to managerial remuneration, which matter has been addressed in this Report.

The Company has to state that it has taken adequate steps to file applications with the Central Government for waiver of excess remuneration, if any, paid and is awaiting the response of Central Government on the matter.

#### **Cost Auditor**

Pursuant to Section 148 of the Companies Act, 2013 and the Rules made thereunder the Central Government has directed that the cost accounts maintained by the Company be audited by a cost auditor.

The Board of Directors of the Company have appointed Mr. Dantu Mitra, Cost Accountant, as the Cost Auditor of the Company for the Financial Year 2015-16 for the manufactured Fertilizer Products and for the manufactured Micro Irrigation products at a remuneration as may be approved by the members of the Company.

Accordingly, the remuneration payable to the Cost Auditor is being placed before the members at the 9th Annual General Meeting of the Company to be held on September 29, 2015 for approval.

#### **Secretarial Auditor**

The Board of Directors at their meeting held on May 16, 2015 pursuant to the provisions of Section 203 of the Companies Act, 2013 have

appointed Mr. C S S Krishna, Partner, M/s KBG Associates, Company Secretaries, Hyderabad as the Secretarial Auditor of the Company to undertake Secretarial Audit for the Financial Year 2015-16.

#### **Secretarial Audit Report**

Pursuant to Section 204 of the Companies Act, 2013, the Secretarial Audit Report for the Financial Year 2014-15 appears as **Annexure – VII** to this Report.

#### **Internal Audit**

The Company has a well established system of Internal Audit which carries out audit on Risk Management framework covering the gamut of financial, marketing, plant operations and service functions.

The Company's Internal Audit function has obtained Quality Management System (ISO 9001: 2000) certificate in December 2006 and the same has been confirmed.

A Chief Internal Auditor of the Company has been appointed by the Board of Directors, in compliance of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

#### **E. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(3)(c) and Section 134(5) of the Companies Act, 2013 your Directors hereby report 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, in the case of a listed Company, 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.

#### **ACKNOWLEDGEMENT**

Your Directors place on record their gratitude to the Government of India, Government of Andhra Pradesh, Government of Telangana and the financial institutions and Company's bankers for their assistance and cooperation.

Further, the Company places on record its sincere appreciation for the continuing support and unstinting efforts of investors, dealers and

associates and all stakeholders in ensuring an excellent all round operational performance.

**By Order of the Board**

**Hyderabad  
July 23, 2015**

**K S Raju  
Chairman**

## ANNEXURES TO BOARD REPORT

### ANNEXURE – I

Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014- Form AOC-I)

#### Part “A”: Subsidiaries

(₹ in Lakhs)

Particulars	Subsidiary		Step down Subsidiary
	Jaiprakash Engineering and Steel Company Limited (JESCO)	Nagarjuna Industrial Services and Investments Private Limited (NISIPL)	Spawnt Private Sarl, Luxembourg
Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	March 31, 2015	March 31, 2015	March 31, 2015
Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries	INR	INR Exchange Rate 67.5104 / Euro	INR Exchange Rate 67.5104 / Euro
Share capital	2,30,00,000 Shares of ₹ 10/- each	50,000 Shares of Euro 100 each	8,500 Shares of Euro 25 each
Reserves and surplus	(454.77)	(5,884.60)	452.78
Total Assets	1840.71	14.77	610.74
Total Liabilities	1840.71	14.77	610.74
Investments	-	5.74	-
Turnover	1.37	-	1.50
Profit/(Loss) before taxation	(1.80)	(8,038.50)	(25.49)
Provision for taxation	-	-	-
Profit after taxation	(1.80)	(8,038.50)	(25.49)
Proposed Dividend	-	-	-
% of shareholding	99.84%	100%	100%

#### Part “B”: Associates and Joint Ventures

(₹ in Lakhs)

Particulars	Nagarjuna Agricultural Research and Development Institute	KVK Raju International Leadership Academy	Nagarjuna Foundation
<b>1. Latest audited Balance Sheet Date</b>	March 31, 2015	March 31, 2015	March 31, 2015
<b>2. Shares of Associate/Joint Ventures held by the Company at the year end</b>			
No.	25,020	1,50,000	Nil
Amount of Investment in Associates /Joint Venture	2.50	15.00	-
Extent of Holding %	25%	42.85%	NA
<b>3. Description of how there is significant influence</b>	Common Directors		
<b>4. Reason why the associate/joint venture is not consolidated</b>	The investments in associates are not considered for consolidation as the Companies are registered under Section 25 of the Companies Act, 1956, and by law are not allowed to transfer any funds to the investing company. These investments are accounted for in accordance with Accounting Standard 13 – “Accounting for Investments”.		No investment by NFCL. Hence not considered
<b>5. Net worth attributable to Shareholding as per latest Audited Balance Sheet</b>	148.84	(9.32)	5.54
<b>6. Profit / Loss for the year</b>			
Not Considered in Consolidation	(0.01)	(0.07)	(0.19)

Note: Nagarjuna Spawnt GmbH, the Associate Company in Germany has been declared Insolvent.

By Order of the Board

Hyderabad  
July 23, 2015

K S Raju  
Chairman

## ANNEXURE - II(a)

### Particulars of Remuneration of Directors / Key Managerial Personnel / Employees

(Pursuant to Section 197(12) of Companies Act, 2013 read with Rules 5(1) of Companies (Appointment and Remuneration of Managerial Personnel), 2014

#### 1. The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year- 2014-15.

S. No	Name of the Director	Median Remuneration (Rs.)	Directors Remuneration (Rs.)	Median Remuneration in %
1.	Mr K S Raju	383700	6916539	18.03
2.	Mr K Rahul Raju	383700	6915679	18.02

#### 2. The Percentage increase in remuneration of Manager, Chief Financial Officer, Company Secretary in the Financial Year- 2014-15

S. No	Name	Designation	2013-14 (Rs.)	2014-15 (Rs.)	Percentage Increase of salary
1.	Mr K S Raju	Chairman	6730700	6916539	2.76%
2.	Mr K Rahul Raju	Managing Director	6636249	6915679	4.21%
3.	Mr.M.Ramakanth	Company Secretary	5645800	5939051	5.19%
4.	Mr.Sudhir Bhansali	CFO	7084200	7568646	6.84%

#### 3. The percentage increase in the median remuneration of employees in the Financial Year 2014-15

Particulars	2013-14 (Rs.)	2014-15 (Rs.)	Percentage Increase of Median salary
Median Salary	359635	383700	6.69%

#### 4. The number of permanent employees on the rolls of the Company.

Particulars	2013-14	2014 - 15
No of Employees	1733	1658

#### 5. The explanation on the relationship between average increase in remuneration and Company performance - The average increase in remuneration is marginal and aimed to protect the employees remuneration from inflation and not related to Company performance.

#### 6. Comparison of the remuneration of the Key Managerial Personnel against performance of the Company - The average increase in remuneration is marginal and aimed to protect the employees remuneration from inflation and not related to Company performance.

#### 7. Variations in the Market Capitalisation of the Company, Price Earnings Ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the Company as at the close of the current financial year and previous Financial Year - The equity shares of the Company are not traded and hence no comparison is possible.

#### 8. 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 - 7.5% flat including Managerial personnel except directors.

#### 9. The key parameters for any variable component of remuneration availed by the directors - There is no variable component paid during the year in the remuneration of the directors.

#### 10. The ratio of the remuneration of the highest paid director to that of the employees who are not directors, but receive remuneration in excess of the highest paid director during the year- 2014-15

Emp. No.	Name	Designation	Ratio		Salaries	
			2013-14	2014-15	2013-14	2014-15
5002	Mr. K S Raju	Chairman	1.00	1.00	6730700	6916539
1825	Mr. Banibrata Pandey	President-Performance Biomaterials and Fuels	0.99	1.08	6634900	7500000
50578	Mr. Sudhir Bhansali	CFO	1.05	1.10	7084200	7568646
50924	Mr. M N Bhaskaran	President-Sustainable Upstream Business	0.91	1.01	6107800	7000100
90414	Mr. J Mahalingam	Executive Director- Corporate Affairs	1.08	1.13	7251900	7795800
90304	Mr. P P Singh	Chairman-NPI	0.99	1.03	6652800	7151800
90323	Mr R S Nanda	Sr.Advisor to Chairman & MD	0.99	1.03	6652800	7151800

#### 11. Affirmation that the remuneration is as per the remuneration policy of the Company – The Remuneration paid is as per the remuneration policy of the Company.

## ANNEXURE – II (b)

### Statement of particulars of Employees

(Pursuant to Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

Sl No.	Name	Designation	Remuneration Received (Rs.)	Nature of Employment	Qualifications	Years of Experience	Date of Commencement of Employment	Age	Last employment held by employee before joining	Per centage of equity share held	Relation with Director or Manager
<b>Full Year</b>											
1	Mr.K S Raju	Chairman	6916539	Refer Note 1	B.E(Mech)	40	01.08.2011	64	Chairman & MD, Nagarjuna Fertilizers and Chemicals Ltd., ( Merged )	Nil	-
2	Mr.K Rahul Raju	Managing Director	6915679	Refer Note 1	B.Com(Hons)	17	01.08.2011	38	JMD, Nagarjuna Fertilizers and Chemicals Ltd., (Merged)	Nil	-
3	Dr.Banibrata Pandey	President -Performance Biomaterials and Fuels	7168142	Refer Note 1	M.Sc(Micro), Ph.D(Sc),M.B.A	32	19.09.2002 @	55	Sr.Manager, Barnby Technologies, USA	Nil	-
4	Mr. Sudhir Bhansali	CFO	7568646	Refer Note 1	B.Com, ACS, ACA	34	13.05.2008 @	57	President & CFO, Andhra Pradesh Paper Mills Ltd.,	Nil	-
5	Mr.M N Bhaskaran	President -Sustainable Upstream Business	6588984	Refer Note 1	B.Tech(Chem)	32	24.08.2009 @	51	Head-Operations, TFL Quinn India Pvt Ltd., Hyderabad	Nil	-
6	Mr.P P Singh	Chairman-New Production Initiative	7070107	Refer Note 1*	FIE	50	24.02.2001 @	74	Managing Director, KRIBHCO	Nil	-
7	Mr.R S Nanda	Sr. Advisor to Chairman & MD	7004094	Refer Note 1*	B.Sc(Eng) Mech	49	26.06.2004 @	71	President & MD, Coromandel Fertilizers Ltd.,	Nil	-
8	Mr.J Mahalingam	Exec. Director -Corporate Strategy	7553488	Refer Note 1*	B.A, C.A	36	01.10.1990 @	61	DGM-Finance, Andhra Cement Company	Nil	-
<b>Part of the year</b>											
9	Mr.Tay Hack Guan(01.04.2014 - 04.07.2014)	CFO-NFCL Singapore Branch	1953960	Refer Note 2**	B.Sc(Hons), Master in Appl. Finance.	28	17.12.2012	52	Head-Treasury, Ascott International	Nil	-

#### Notes :

- All the above mentioned appointments are non-contractual except marked “\*” and are terminable by notice on either side.
- \*\* - Mr. Tay Hack Guan’s salary was paid in Singapore Dollar and the amount is based on conversion on the date of remittance.
- @ - Continue employment from Erstwhile NFCL.

## ANNEXURE – III

### Annual Report CSR Activities

(Pursuant to Section 135 of Companies Act, 2013)

#### REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT

1. A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken is mentioned below  
At Nagarjuna, we believe in philosophy of "SERVING SOCIETY THROUGH INDUSTRY".

We live every moment of life in harmony with nature to create value for ourselves, our stakeholders and the society.

The Nagarjuna Group under the aegis of Nagarjuna Foundation, a not-for-profit Company incorporated under Section 25 of the Companies Act, 1956 (Section 8 of the Companies Act, 2013), with Registered Office at Nagarjuna Hills, Punjagutta, Hyderabad, undertakes various activities under Corporate Social Responsibility.

#### At Nagarjuna, we define CSR as:

- Conducting affairs of our Company in a socially acceptable manner
- Understanding, supporting and developing the communities and the cultures within which we work
- Protecting the environment and safety of the people connected with the Company and the surroundings.
- Enhancing the value of the Company through sustainable growth

#### Our CSR Framework:

Nagarjuna's CSR Framework consists of following four important dimensions:

- Investors and other stakeholders
- Customers
- Employees
- Community

#### Compliance:

Compliance with this policy is continuously monitored and subject to review by the Company.

In the ensuing year, the major focus will be on development of the Communities located in and around the Plants of the Company with continued support to Investors and other stakeholders, Customers and Employees.

b. The Web-link to the CSR policy and projects or programs is <http://www.nagarjunafertilizers.com/social.htm>

2. The CSR Committee comprises of the following Directors :

Dr. NCB Nath	:	Chairman
Mr. K S Raju	:	Member
Mr. K Rahul Raju	:	Member

3. The Average net loss of the Company for the last three financial years i.e., 2012-13, 2013-14 and 2014-15 is Rs.13,537.49 lacs.
4. The prescribed CSR Expenditure for the financial year 2015-16 (two per cent, of the amount as in item 3 above is Nil.
5. Details of amount spent during the previous financial year for CSR is as follows:

- a. Total amount spent for the financial year : approximately Rs.90,00,000/- (Rupees Ninety Lakhs only)
- b. Amount unspent, if any : Nil
- c. Manner in which the amount spent during the financial year is detailed below :

The CSR activities were undertaken in areas of social welfare, health care, public health, education, natural calamities, upliftment of society, sports, etc.,

The CSR activities of the Company are conducted by Nagarjuna Foundation, a Section 8 Company under the Companies Act, 2013.

6. A responsibility statement of the CSR committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objective and Policy of the Company :

We, the Members of the Corporate Social Responsibility Committee of the Board of Directors of Nagarjuna Fertilizers and Chemicals Limited confirm and affirm that in accordance with Section 135 of the Companies Act, 2013 and applicable Rules, we complied with the following :

- 1) Formulated and recommend to the Board a CSR Policy in line with the activities mentioned in Schedule VII of the Companies Act, 2013
- 2) Recommended the amount of expenditure to be incurred
- 3) Instituted a transparent monitoring mechanism for the implementation of the Policy from time to time.

S. No	CSR Project or activity identified	Sector in which the Project is covered	Projects or programs 1. Local area or other 2. Specify the State and district where projects or programs was undertaken.	Amount spent : Direct or through implementing agency (Rs.)
A	Supply of Drinking Water	Social Welfare	Hyderabad, Telangana	86,330
	Supply of Water to Kondelpeta, Kakinada	Social Welfare	Kakinada, Andhra Pradesh	66,000
	Supply of Infrastructure / Books/ Stationery Items / school uniforms / linen / medicines / sports items/ cooking vessels and Groceries to 86 Centers covering Orphanages, Homes for the Aged, Government Schools, Homes for differently abled children, Homes for the aids infected patients, unweid mothers children, short stay homes and tuition centers on June 29, 2014	Social Welfare	Throughout India	28,90,998
	Supply of Infrastructure / Books/ Stationery Items / school uniforms / linen / medicines / sports items/ cooking vessels and Groceries to 101 Centers covering Orphanages, Homes for the Aged, Government Schools, Homes for differently abled children, Homes for the aids infected patients, unweid mothers children, short stay homes and tuition centers on November 28, 2014	Social Welfare	Throughout India	27,09,432
	Supported various organizations by providing nutritious needs to inmates	Social Welfare	Hyderabad, Telangana	2,76,552
	Continue to maintain the lawns in the Kakinada Railway station	Social Welfare	Kakinada, Andhra Pradesh	43,123
B	Financial support to the early intervention children center being maintained by Uma Manovikasa Kendram	Health Care	Kakinada, Andhra Pradesh	2,75,000
	Seethamma Health Chariot and Kondelpeta Primary Health Care	Health Care	Kakinada, Andhra Pradesh	11,64,275
	Leprosy patients at Vimukthi colony Kakinada	Health Care	Kakinada, Andhra Pradesh	24,230
	Financial support to the blind children center being maintained by The Aided School for the Blind & Hostel	Health Care	Kakinada, Andhra Pradesh	1,04,000
C	Financial support for public – awareness programmes of Mohan Foundation with respect to Multi-Organ Donations and Life Savers Programme	Public Health	Hyderabad, Telangana	5,22,000
	Financial Support to Kondelpeta Literacy Drive	Public Health	Kakinada, Andhra Pradesh	41,400
D	Salary Paid to CSR Consultant			7,26,000
E	Others			1,42,776

Hyderabad  
May 16, 2015

K Rahul Raju  
Managing Director

Dr NCB Nath  
Chairman, CSR Committee

## ANNEXURE – IV

### Particulars of Contracts / Arrangements made with Related Parties

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014) - Form No. AOC-2)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis - Nil

2. Details of material contracts or arrangement or transactions at arm's length basis

Name(s) of the related party and nature of relationship	Nagarjuna Foundation	Ms. K Lakshmi Raju*		Ms. K Lakshmi Raju*	Nagarjuna Agrichem Limited	Mr. K Rahul Raju	Nagarjuna Impex
Nature of contracts /arrangements /transactions	Contribution towards Corporate Social Responsibility	Lease agreement	Lease agreement	Lease agreement	Lease agreement	Lease agreement	Lease agreement
Duration of the contracts / arrangements/transactions	Financial Year 2014-2015 and 2015-16	3 years with effect from April 1, 2013	1 year with effect from April 1, 2015	4 months with effect from August 1, 2014	12 months with effect from April 1, 2015. (Extended by 6 months effective October 1, 2014 and thereafter for 12 months effective April 1, 2014)	3 years with effect from April 1, 2014	1 year with effect from April 1, 2015
Salient terms of the contracts or arrangements or transactions including the value, if any:	Contribution to Nagarjuna Foundation towards CSR aimed to make contributions in the field of education, sports, healthcare and community welfare activities. ₹ 2 Crores	Lease agreement entered for premises at Flat No.402, Om Shanthi, Swastik Society, JVPD Scheme, Mumbai – 400 056 Lease Rental- ₹1,04,000/- per month	Lease agreement entered for premises at Flat No.302, Om Shanthi, Swastik Society, JVPD Scheme, Mumbai – 400 056 Lease Rental- ₹1,16,000/- per month	Lease agreement for premises at Plot No 56, 2 <sup>nd</sup> and 3 <sup>rd</sup> floor, Nagarjuna Hills, P u n j a g u t t a , Hyderabad Lease rentals - ₹2,45,632/-	Lease agreement for premises at Plot No. 162/B, IDA Bollaram, Jinnaram Mandal, Medak District, Andhra Pradesh Lease rentals - ₹50,000 per month.	Lease agreement for premises at Lakshmi Towers – B, Plot No 16, 17, 17A and 17B, Nagarjuna Hills, Hyderabad Lease rentals - ₹30/- to ₹85/- per sq.ft amountng to ₹41,04,300/- per month	Lease agreement for premises at No.510, 3rd A Cross, 2nd Main Block, 3rd Block, Raj Mahal Vilas- II, Dollars Colony, Bangalore – 560 094 Lease rentals - ₹1,50,125/- per month
Date(s) of approval by the Board, if any	May 29, 2014	May 29, 2014 and March 30, 2015	March 30, 2015	July 30, 2014	May 29, 2014, October 21, 2014 and February 13, 2015	July 30, 2014	March 30, 2015
Amount paid as advances, if any:	-	₹ 50,00,000/-	₹ 35,00,000/-	₹ 4,46,016/-	₹ 50,000/-	₹ 2,46,25,800/-	₹ 5,00,000/-

\* - Relative of Mr. K S Raju and Mr. K Rahul Raju respectively

By Order of the Board

Hyderabad  
July 23, 2015

K S Raju  
Chairman

## ANNEXURE – V

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

#### (A) Conservation of energy:

During the Financial Year 2014-15, a total capital investment of ₹ 64.80 crores towards the following Energy Saving Schemes as well as Reliability Improvement Measures-

- Replacement of Combustion Air Pre-heater (EE-2014, Investment: ₹11.10 crores): Recovers waste heat from Flues Gases and thereby conserves NG Fuel. Modification resulted in Saving of 0.012 Gcal/MT of Urea in Complex Energy.
- Installation of Vortex Mixer supplied by M/s JSC NIIK in Urea Reactor (Unit-2) for conversion improvement (Investment: ₹1.05 Crores): Resulted in Saving of 0.010 Gcal/MT of Urea in Complex Energy.
- Replacement Secondary Reformer Air Gun in Ammonia-II: A Reliability improvement measure with an Investment of ₹2.53 crores.
- GV Reboiler Tube Bundle Replacement (EE-301A/B) in Ammonia-II: A Reliability improvement measure with an Investment of ₹2.27 crores.
- Synthesis loop boiler (EE-501) Replacement in Ammonia-II: A Reliability improvement measure with an Investment of ₹8.77 crores.
- Replacement of Urea-II HP Stripper (EE-101): A Reliability improvement measure with an Investment of ₹17.05 crores.
- Replacement of Urea-II HP Carbamate Condenser (EE-105): A Reliability improvement measure with an Investment of ₹14.99 crores.
- Unit-II DCS up gradation & HIMA PLC Up gradation: A Reliability improvement measure with an Investment of ₹7.02 crores.

#### (B) Technology absorption:

##### A. Research and Development (R & D)

##### 1) Specific areas in which R & D was carried out by the Company

###### a) Production Facility at Kakinada

There is no separate R & D department in the Company at Kakinada. However, the engineers engaged in technical services, production, general engineering and maintenance departments undertake activities which are aimed at improvements in the following areas:

- i. Energy Conservation.
- ii. Capacity Enhancement.
- iii. Environmental Protection.
- iv. Process and Personnel Safety.
- v. Enhancement of Plant Reliability.
- vi. Rain Water Harvesting for Conserving Raw Water Intake.
- vii. Exploration for Usage of Renewable Energy Sources like Solar, etc.

###### b) Production Facility at MI and PVC Plants

- i. Developed new products like Easy Eco 16 mm (0.40 mm) and 20 mm Eco Line for cash market.
- ii. A pneumatic flow rate machine with 25 stations has been developed at MI Nacharam Plant.
- iii. Hook Type C Clamp has been developed for HDPE pipes.
- iv. Successfully developed 110 mm Coupler for sprinkler Irrigation purpose.
- v. A new double Acting air release valve developed for avoiding the rusting of manifolds.
- vi. Developed the winder as per the market requirement for TSMIP.
- vii. Developed molded 75 mm PCN as per market requirement as a result the quality of PCN has been improved.
- viii. Re designed 63 mm and 90 mm HDPE couplers to optimize the cost.
- ix. New laser marking machine has been sourced out to meet the high speed and printing quality requirements.

##### 2) Benefits derived as a result of the above efforts

###### a) Production Facility at Kakinada

The improvements achieved in the areas of production performance, treated effluent generation, environmental protection, process and personnel safety are given below:

- i. Complex achieved lowest Specific Effluent Generation of 0.608 m<sup>3</sup> / MT of urea surpassing the previous best of 0.614 m<sup>3</sup> / MT of urea achieved during 2013-14.
- ii. Replacement of Ammonia-II backend boiler, combustion air pre-heater (EE-204), Urea-II Carbamate Condenser and Stripper and installation of vortex mixer in urea reactor resulted in improvement of reliability. However, plants were operated on low load due to shortage of Natural Gas.

Note: Owing NG pipeline blast at Nagaram Village, GAIL stopped supply and transportation of APM and Non APM Gas from July 3, 2014 to Nov 2, 2014. Hence Unit I shutdown taken on July 3 and again Plant started and Urea-I production lined up on November 4, 2014. Also, GAIL stopped transportation of RIL Gas from July 7 to August 15, 2014, Hence Unit-II shutdown taken on July 7, 2014 and plant started on August 15, 2014 and Urea II Production lined up on August 17, 2014. This resulted in huge loss in production and energy

###### Awards Received:

- 1) **ICC Award:** NFCL won the prestigious ICC award for “Excellence in Management of Health, Safety & Environment” and the award was received on September 30, 2014 at Mumbai. Award was given by Shri H N Ananth Kumar, Honorable Minister of Chemicals & Fertilizers, GOI.
- 2) **FAI Safety Award:** NFCL received the prestigious “Safety Award for the year 2013-14” from Fertilizer Association of India (FAI) for the year 2013-14. The Award was received from the Ministry of Fertilizers and Chemicals during the inaugural function of FAI Annual Meet on December 9, 2014.
- 3) **Certificate of Appreciation:** NFCL received “Certificate of Appreciation” as part of Safety award 2013 from National Safety Council of India in recognition of appreciable achievement in Occupational Safety & Health during the assessment period of three years 2010-2012. This award was received under manufacturing sector group B category.

###### b) Production Facility at MI and PVC Plants

- i. Quality of finished goods and bought out items has been improved
- ii. Reduced field complaints and warranty claims
- iii. Improved Customer satisfaction
- iv. Re-certification audit of ISO 9001:2008 carried out successfully at all MI plants during the year

###### Expansion / Developments

- i. Increased output of HDPE line by changing screw and barrel at MI Halol plant.

- ii. Installed High speed laser mark printing machine for IDL-02 and IDL-03 production lines at Nacharam plant and L-01 at Halol plant.

**3) Future Plan of Action**

**a) Production Facility at Kakinada**

The following action plan has been made to improve Production, Plant Reliability, Specific Energy Consumption & in the EHS areas as mentioned below:

- Upgradation of Refrigeration Ammonia Condenser (EE-510C) in Ammonia-II
- Upgradation of Fron End Boiler 1st Compartment in Ammonia-I
- Super Revamp of the Complex: M/s CASALE carried out the Feasibility Study for “Super Revamp” of the Complex. Based on the Feasibility Study report and financial benefits, NFCL informed M/s CASALE that the Super Revamp project cannot be taken up. M/s Casale is exploring the possibility of further cost reduction. Reply from them is awaited.

**b) Production Facility at MI and PVC Plants**

- i. Proposal for setting up of manufacturing facility at strategic location like Tamil Nadu to obtain logistical advantage.
- ii. Proposal to setup Dripper (Non PC) manufacturing facility at Nacharam and Halol Plants in a phased manner.
- iii. Development of Mini LIN dripper initiated for low wall thickness products

**4) Research and Development (R & D)**

**I. Specific areas in which R & D was carried out by the Company:**

At present the company has a prominent presence in the area of Plant Nutrition and to further increase its business, the development of the targeted focus areas for R & D programs for new products/ processes development are at different stages of pre-pilot plant to pilot plant and field trials.

**Renewable Chemicals Alternate Fuels and Feedstock:**

The product portfolio has been designed to use all the components of the biomass resulting in complete conversion of biomass to sugars to various products such as Ethanol, Organic acids etc. The company along with active support from Department of Biotechnology (DBT), Government of India has successfully completed the Pilot Plant for cellulosic fuels and feed stocks project and now actively engaged in developing next generation nutraceutical products technology development.

**II. Benefits derived as a result of the above efforts:**

**a) Plant Nutrition Business**

The new products and processes developed will provide a sustainable competitive advantage and better market share thereby propelling the business growth.

**b) Green Chemicals**

Development of economical, renewable and sustainable chemicals such as fuels and feedstocks, Rare Sugars, Rhamnolipids etc will open up new business opportunities.

**III. Future Plan of Action**

In the areas of Plant Nutrition as well as Green chemical areas, company has entered in some products the Proof of Value stage. Initiated process of monetization of the IP Portfolio to open up further investment in this areas for further development and commercialization.

**IV. Expenditure on R & D**

A separate record of the expenditure incurred in R & D is maintained for the R & D division.

**B. Technology Absorption, Adaptation and Innovation:**

**1) Efforts, in brief, made towards technology absorption, adaptation and Innovation**

**a) Production Facility at Kakinada**

**Installation of JSC NIIK Vortex Mixer in Urea-II Reactor:** This scheme was implemented during PTA 2014 in Urea II Reactor. NFCL is the first Fertilizer Industry in India to adopt this technology

**b) Production Facility at MI and PVC Plants:**

- i. Indigenization of imported spare parts carried out to reduce the dependency on imported parts and optimize the cost.
- ii. Refurbishment of HDPE line carried out by changing the Screw and Barrel at Halol Plant.

**2) Benefits derived as a result of the above efforts, example Product Improvement, Cost Reduction, Product Development Import Substitution etc.**

**a) Production Facility at Kakinada:**

Installation of Vortex Mixer in Urea-II Reactor improved conversion thereby result in energy savings.

**b) Production Facility at MI and PVC Plants:**

- i. Rated as ‘QUALITY PRODUCT’ supplier with full range of products.
- ii. Consumed 100% process scrap within BIS norms in non-prime products.
- iii. Fine tuned the standard weights of regular products to reduce the input costs.
- iv. Improved the efficiency of production lines.

**3) In case of import technology (imported during the last five years reckoned from the beginning of the financial year), following information may be furnished:**

**a) Production Facility at Kakinada:**

Vortex Mixer installed in Urea II Reactor during PTA 2014. JSC NIIK is the supplier of Vortex Mixer. With this installation Urea conversion increased and Plant reliability improved.

**b) Production Facility at MI and PVC Plants:**

Not Applicable

**(c) Foreign exchange earnings and Outgo**

Particulars of Foreign Exchange Earnings and outgoings for the year 2014-15

**A. Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services, export plans: Nil**

**B. 1. Foreign Exchange Outgo:**

	₹ in lacs
i. Technical know-how (net of Tax)	Nil
ii. Interest	384.16
iii. Dividend (net of taxes)	
a. Equity	Nil
b. Preference	Nil
iv. Others	1,455.57

**2. Foreign Exchange earnings** 705.27

## ANNEXURE – VI

EXTRACT OF ANNUAL RETURN as on the financial year ended on March 31, 2015

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

### I. REGISTRATION AND OTHER DETAILS

i. CIN	L24129AP2006PLC076238
ii. Registration Date	November 7, 2006
iii. Name of the Company	Nagarjuna Fertilizers and Chemicals Limited
iv. Category / Sub-Category of the Company	Public Limited Company
v. Address of the Registered office and contact details	D.No 8-2-248, Nagarjuna Hills, Punjagutta, Hyderabad – 500082 Mr. M Ramakanth, Vice President – Legal & Company Secretary Ph No.(040) 23355317. Fax (040) 23350247 Email : ramakanthm@nagarjunagroup.com
vi. Whether listed Company	Yes
vii. Name, Address and Contact details of Registrar and Transfer Agent	Nagarjuna Fertilizers and Chemicals Limited Investors Service Cell, Plot No 1, Punjagutta, Nagarjuna Hills, Hyderabad - 500 082 Telangana, India Tel: (040) 23358405 Email: Investors@nagarjunagroup.com

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

There are business activities contributing 10% or more of the total turnover of the company - manufacture and sale of urea.

Sl. No	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Urea	20121	75.37

### III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. NO	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
1	Jaiprakash Engineering and Steel Company Limited (JESCO)	U00337KA1993 PLC014694	Subsidiary	99.84	2(87)
2	Nagarjuna Industrial Services and Investments Private Limited (NIS IPL)	094708 C1/GBL	Subsidiary	100	2(87)
3	Spawnt Private S.à.r.l, Luxembourg	B152282	Step-down Subsidiary	100 by NISIPL	
4	Nagarjuna Agricultural Research and Development Institute (NARDI)	U80100TG1995 NPL022409	Associate	25	2(6)
5	KVK Raju International Leadership Academy	U80101TG1995 NPL022410	Associate	42.85	2(6)
6	Nagarjuna Foundation	U80100TG1992 NPL014292	Associate	Nil	2(6)

### IV SHAREHOLDING PATTERN

#### (i) Category - wise Shareholding

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual / HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	21427989	-	21427989	3.58%	21427989	-	21427989	3.58%	0.00%
d) Bodies Corp.	270328548	-	270328548	45.20%	270328548	-	270328548	45.20%	0.00%
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other .... (Trust)	-	-	-	-	25743525	-	25743525	4.30%	4.30%
(Co-op Society)	11000000	-	11000000	1.84%	11000000	-	11000000	1.84%	0.00%
<b>Sub-total (A) (1):-</b>	<b>302756537</b>	<b>-</b>	<b>302756537</b>	<b>50.62%</b>	<b>328500062</b>	<b>-</b>	<b>328500062</b>	<b>54.93%</b>	<b>4.30%</b>
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	4400000	-	4400000	0.74%	4400000	-	4400000	0.74%	0.00%
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other .... NRI based company	-	8800000	8800000	1.47%	-	8800000	8800000	1.47%	0.00%
<b>Sub-total (A) (2):-</b>	<b>4400000</b>	<b>8800000</b>	<b>13200000</b>	<b>2.21%</b>	<b>4400000</b>	<b>8800000</b>	<b>13200000</b>	<b>2.21%</b>	<b>0.00%</b>
<b>Total shareholding of Promoter (A)=(A)(1)+(A)(2)</b>	<b>307156537</b>	<b>8800000</b>	<b>315956537</b>	<b>52.83%</b>	<b>332900062</b>	<b>8800000</b>	<b>341700062</b>	<b>57.13%</b>	<b>4.30%</b>

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	718300	455125	1173425	0.20%	718300	455125	1173425	0.20%	0.00%
b) Banks / FI	5634	62013	67647	0.01%	5634	62013	67647	0.01%	0.00%
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	8865432	330	8865762	1.48%	8865432	330	8865762	1.48%	0.00%
g) FIs	10049669	33275	10082944	1.69%	10049669	33275	10082944	1.69%	0.00%
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-Total (B)(1):-</b>	<b>19639035</b>	<b>550743</b>	<b>20189778</b>	<b>3.38%</b>	<b>19639035</b>	<b>550743</b>	<b>20189778</b>	<b>3.38%</b>	<b>0.00%</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	57051530	380124	57431654	9.60%	57051530	380124	57431654	9.60%	0.00%
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	122920028	43444580	166364608	27.82%	122920028	43444580	166364608	27.82%	0.00%
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	6454978	-	6454978	1.08%	6454978	-	6454978	1.08%	0.00%
c) Others (specify) NRI	4716680	1060311	5776991	0.97%	4716680	1060311	5776991	0.97%	0.00%
Trusts	25759035	131422	25890457	4.33%	15510	131422	146932	0.02%	-4.30%
<b>Sub-total (B)(2):-</b>	<b>216902251</b>	<b>45016437</b>	<b>261918688</b>	<b>43.79%</b>	<b>191158726</b>	<b>45016437</b>	<b>236175163</b>	<b>39.49%</b>	<b>-4.30%</b>
<b>Total Public Shareholding (B)= (B)(1)+ (B)(2)</b>	<b>236541286</b>	<b>45567180</b>	<b>282108466</b>	<b>47.17%</b>	<b>210797761</b>	<b>45567180</b>	<b>256364941</b>	<b>42.87%</b>	<b>-4.30%</b>
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>543697823</b>	<b>54367180</b>	<b>598065003</b>	<b>100.00%</b>	<b>543697823</b>	<b>54367180</b>	<b>598065003</b>	<b>100.00%</b>	

## (ii) Shareholding of Promoters

Sl No.	Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in Shareholding during the year
		No. of Shares	% of total shares of the Company	% Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% Shares Pledged / encumbered to total shares	
	<b>Core Promoter</b>							
1	Amlika Mercantile Private Limited	270328548	45.2%*	22.23%	296072073	49.5%**	43.74%	4.30%
	<b>Co-Promoter</b>							
1	Governor of Andhra Pradesh	21427989	3.58%	-	21427989	3.58%	-	0.00%
2	KRIBHCO	11000000	1.84%	-	11000000	1.84%	-	0.00%
3	Fireseed Limited	8800000	1.47%	-	8800000	1.47%	-	0.00%
4	Saipem SPA	4400000	0.74%	-	4400000	0.74%	-	0.00%
	<b>Total</b>	<b>315956537</b>	<b>52.83%</b>	<b>22.23%</b>	<b>341700062</b>	<b>57.13%</b>	<b>43.74%</b>	<b>4.30%</b>

### Notes:

- Amlika Mercantile Private Limited (Amlika) is now the Core Promoter of the company consequent to the disclosure received from Amlika, that a Scheme of Amalgamation between Nagarjuna Corporation Limited (NCL) and Amlika was approved by the Hon'ble High Court of Bombay at Mumbai on May 2, 2014 and the Scheme was made effective on June 19, 2014 in terms of which the equity shares held by NCL in NFCL were vested in Amlika
- NCL had:
  - Vide letter dated November 11, 2012 informed the Company that a Composite Scheme of Arrangement and Amalgamation between Nagarjuna Corporation Limited (NCL), Nagarjuna Management Services Private Limited (NMS), Nagarjuna Holdings Private Limited (NHPL), Baron Properties Private Limited (BPPL), White Stream Properties Private Limited (WSPPL) and Growth Stream Properties Private Limited (GSPPL) and their respective shareholders was approved by the Hon'ble High Court of Bombay at Mumbai on September 14, 2012. The Scheme was made effective on November 9, 2012 and necessary disclosures and reports were filed with BSE, NSE and SEBI. Pursuant to the Scheme NMS, NHPL, BPPL and WSPPL were merged into NCL. The equity shares held by these companies shall be transferred to NCL after removal of pledge by the banks to whom they are pledged on the commencement of trading of NFCL equity shares.

The shareholding of NMSPL includes 7,24,707 equity shares pledged with ICICI Bank held by Saveri Chemicals (P) Ltd., on behalf of Nagarjuna Management Services Private Limited (NMSPL) vested pursuant to Scheme of Arrangement approved by the Hon'ble High Court of Bombay, Mumbai. Pledge is yet to be revoked and shares yet to be transferred to Nagarjuna Management Services Private Limited.

- (b) Vide letter dated July 23, 2013 informed the Company that a Scheme of Amalgamation between NCL, Nagarjuna Staff Betterment Company Private Limited (NSB) and their respective shareholders was approved by the Hon'ble High Court of Bombay at Mumbai. Pursuant to the Scheme NSB was merged into NCL. The equity shares of NFCL (87,23,277) held by NSB shall be transferred to NCL on the commencement of trading of NFCL equity shares.
3. Accordingly, all the shares mentioned above in points 1 and 2 vest in Amlika with effect from June 19, 2014.
- \*\* Further, the Company has received disclosures dated July 23, 2014 from Amlika that they have acquired 2,57,43,525 equity shares from NFCL Employee Welfare Trust. These shares shall be transferred to Amlika on the commencement of trading of NFCL equity shares.

**(iii) Change in Promoters' Shareholding**

SI No	Name	Shareholding		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
<b>At the beginning of the year</b>					
<b>Core Promoter</b>					
1	Amlika Mercantile Private Limited	270328548	45.2% *	270328548	45.2%*
<b>Co-Promoters</b>					
1	Governor of Andhra Pradesh	21427989	3.58%	21427989	3.58%
2	KRIBHCO	11000000	1.84%	11000000	1.84%
3	Fireseed Limited	8800000	1.47%	8800000	1.47%
4	Saipem SPA	4400000	0.74%	4400000	0.74%
<b>At the End of the year</b>					
<b>Core Promoters</b>					
1	Amlika Mercantile Private Limited	296072073	49.5% *	-	-
<b>Co-Promoters</b>					
1	Governor of Andhra Pradesh	21427989	3.58%	-	-
2	KRIBHCO	11000000	1.84%	-	-
3	Fireseed Limited	8800000	1.47%	-	-
4	Saipem SPA	4400000	0.74%	-	-

\* Please refer Note above in point IV (ii)

**(iv) Shareholding Pattern of top ten shareholders ( other than Directors, Promoters and Holders of GDRs and ADRs):**

SI No	Name	Shareholding		Cumulative shareholding at the end of the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
<b>At the beginning of the year</b>					
1	Zuari Global Limited	32267741	5.40%	32267741	5.40%
2	NFCL Employee Welfare Trust	25743525	4.30%	25743525	4.30%
3	Nagarjuna Staff Betterment Company Pvt Ltd.	8723277	1.46%	8723277	1.46%
4	Life Insurance Corporation of India	5911262	0.99%	5911262	0.99%
5	Lok Prakashan Ltd.	2684862	0.45%	2684862	0.45%
6	Dimensional Emerging Markets Value Fund	2082494	0.35%	2082494	0.35%
7	United India Insurance Company Ltd.	2064415	0.35%	2064415	0.35%
8	Jay-Vijay Resources Pvt Ltd.	1320000	0.22%	1320000	0.22%
9	Credit Suisse (Singapore) Limited	1067596	0.18%	1067596	0.18%
10	Arvind Mehta	948200	0.16%	948200	0.16%
<b>At the End of the year ( or on the date of separation, if separated during the year)</b>					
1	Zuari Global Limited	32267741	5.40%	-	-
2	Life Insurance Corporation of India	5911262	0.99%	-	-
3	Lok Prakashan Ltd.	2684862	0.45%	-	-
4	Dimensional Emerging Markets Value Fund	2082494	0.35%	-	-
5	United India Insurance Company Ltd.	2064415	0.35%	-	-
6	Jay-Vijay Resources Pvt Ltd.	1320000	0.22%	-	-
7	Credit Suisse (Singapore) Limited	1067596	0.18%	-	-
8	Arvind Mehta	948200	0.16%	-	-

(v) Shareholding of Directors and Key Managerial Personnel:

SI No	Particulars	Shareholding		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	-	-	-	-
	At the End of the year	-	-	-	-

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	31,991.46	4,525.21	-	36,516.67
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	430.40	-	-	430.40
<b>Total (i+ii+iii)</b>	<b>32,421.86</b>	<b>4,525.21</b>	<b>-</b>	<b>36,947.07</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	14,658.05	235.28	-	14,893.33
Reduction	13,348.63	641.39	-	13,990.02
<b>Net Change Indebtedness at the end of the financial year</b>				
i) Principal Amount	33,300.88	4,119.11	-	37,419.99
ii) Interest due but not paid	332.31	-	-	332.31
iii) Interest accrued but not due	1,003.97	-	-	1,003.97
<b>Total (i+ii+iii)</b>	<b>34,637.16</b>	<b>4,119.11</b>	<b>-</b>	<b>38,756.27</b>

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration of Managing Director, Whole-time Directors and/or Manager

(₹)

SI No	Particular of Remuneration	Mr. K S Raju Chairman	Mr. Rahul Raju Managing Director	Total Amount
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	5988130	6460692	12448822
	(b) Value of perquisites u/s of 17(2) Income-tax Act, 1961	928409	454987	1383396
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission (a) as % of profit (b) others	-	-	-
5.	Others, please specify	-	-	-
	<b>Total (A)</b>	<b>6916539</b>	<b>6915679</b>	<b>13832218</b>

B. Remuneration to other directors:

(₹)

S No.	Particular of Remuneration					Total Amount
1.	<b>Independent Directors</b>	Dr. NCB Nath	Mr. S R Ramakrishnan	Mr. D Ranga Raju	Ms. Lalitha Raghuram	
	Fee for attending board/committee meetings	351000	148500	-	-	499500
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	<b>Total</b>	<b>351000</b>	<b>148500</b>	<b>-</b>	<b>-</b>	<b>499500</b>
2.	<b>Other Non-Executive Directors</b>	Mr. Chandra Pal Singh Yadav	Mr. M P Radha krishnan	Mr. Anish Babu*	Mr. VineyKumar / Mr.Shailender Nadkarni**	Mr. Yogesh Rastogi***
	Fee for attending board/committee meetings	27000	270000	27000	162000	40000
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	<b>Total</b>	<b>27000</b>	<b>270000</b>	<b>27000</b>	<b>162000</b>	<b>40000</b>

\* - Paid to IFCI Limited \*\* - Paid to IDBI Limited \*\*\*- Paid to ICICI Limited

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

(₹)

S. No	Particular of Remuneration	Key Managerial Personnel		Total
		Mr. M Ramakanth Company Secretary	Mr. Sudhir Bhansali CFO	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	5688927	7188370	12877297
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	250124	380276	630400
	(c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission (a) as % of profit (b) others	-	-	-
5.	Others, please specify	-	-	-
	<b>Total</b>	<b>5939051</b>	<b>7568646</b>	<b>13507697</b>

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief description	Details of Penalty / Punishment / Compounding fees imposed	Authority (RD/ NCLT /COURT)	Appeal made, if any (Give Details)
<b>A. COMPANY</b>	-	-	-	-	-
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>	-	-	-	-	-
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>	-	-	-	-	-
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

## ANNEXURE – VII

**Secretarial Audit Report** for the period March 31, 2015

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 -Form No. MR-3]

To,  
The Members

**Nagarjuna Fertilizers and Chemicals Limited**

Nagarjuna Circle, Punjagutta, Hyderabad – 500 082. Telangana

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Nagarjuna Fertilizers and Chemicals Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period ended on 31st March, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

### SI Particulars

1. The Companies Act, 2013 (the Act) and the Rules made thereunder;
  2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
  3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  4. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
  5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
    - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
    - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
    - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
    - (e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
  6. We have also examined compliance with the applicable clauses of the following:
    - i. Secretarial Standards issued by The Institute of Company Secretaries of India.
    - ii. Provisions of Listing Agreements.
- 1. Under the Companies Act, 2013, we report that**
- A. That based on our examination and verification of the records produced to us and according to the information and explanations given to us by the Company that the Company has, in our opinion, complied with the provisions of the Companies Act, 2013 ("the Act") and the rules made under the Act and Memorandum, and Articles of Association of the Company, inter alia with regard to :
    - a. Maintenance of various statutory registers and documents and making necessary entries therein;
    - b. Closure of Register of Members/Debenture holders;
    - c. Forms, returns, documents and resolutions required to be filed with the Registrar of Companies and the Central Government;
    - d. Service of documents by the company on its members and Registrar of Companies.
    - e. Notices and minutes of the meetings of the committees of directors;
    - f. The meetings of Directors and Committees of Directors (including passing of resolutions by circulation) held on 29-05-2014, 30-07-2014, 26-09-2014, 10-11-2014 and 13-02-2015;
    - g. The Annual General Meeting held on 26th September, 2014;
    - h. Minutes of proceedings of General Meetings and of the Board and its Committee meetings;
    - i. Approvals of the Members, the Board of Directors, the Committees of Directors wherever required;
    - j. Constitution of the Board of Directors/Committee(s) of Directors, appointment, retirement and reappointment of Directors including the Managing Director and Whole-time Directors;
    - k. Payment of remuneration to Directors including the Managing Director and Whole-time Directors,
    - l. Appointment and remuneration of Auditors and Cost Auditors;
    - m. We were informed that there are no transfers and transmissions that took place during the year. However, the Company had issued and dispatched the duplicate Share Certificate and complied with the provisions of Companies Act, 2013.
    - n. Due to loss, the Directors of the Company were unable to recommend any dividend on the equity capital of the Company. Therefore there is no requirement to comply with the provisions for Declaration and payment of dividends;
    - o. Since the Company does not have any unpaid and unclaimed dividend therefore there is no requirement for Transfer of amounts as required under the Act to the Investor Education and Protection Fund and uploading of details of unpaid and unclaimed dividends on the websites of the Company and the Ministry of Corporate Affairs is not necessary;
    - p. Borrowings and registration, modification and satisfaction of charges wherever applicable;
    - q. Investment of the Company's funds including investments and loans to others;
    - r. Form of balance sheet as prescribed under Part I, form of statement of profit and loss as prescribed under Part II and General Instructions for preparation of the same as prescribed in Schedule VI to the Act;
    - s. Directors' report;
    - t. Contracts, common seal, registered office and publication of name of the Company; and
  - B. Under the Companies Act, 2013, we further report that
    - i. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
    - ii. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

- iii. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes
- iv. There was no prosecution initiated and no fines or penalties were imposed during the year under review under the Act, SEBI Act, SCRA, Depositories Act, and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.
- v. The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel;

**2. Under the Securities Contracts (Regulation) Act, 1956, we report that**

In relation to the Composite Scheme of Arrangement and Amalgamation approved by the jurisdictional High Courts of Mumbai and Andhra Pradesh, we were informed by the management that the Company has approached SEBI Appellate Tribunal for Redressal in view of the delays in granting of relaxation (under Rule 19(2)(b) of the Securities Contracts (Regulations) Rules, 1957) by SEBI. We were further informed in this regard that the Company is also contesting the application of SEBI filed in the Mumbai High Court to recall, set-aside the order dated June 17, 2011 approving the Composite Scheme.

The Company has complied with all other requirements of Securities Contracts (Regulation) Act, 1956

**3. Under the Depositories Act, 1996, we report that**

The Company has complied with the provisions of the Depositories Act, 1996 and the Byelaws framed thereunder by the Depositories with regard to dematerialization/rematerialisation of securities and reconciliation of records of dematerialized securities with all securities issued by the Company.

**4. Under FEMA, 1999, we report that**

The Company has complied with the provisions of the FEMA, 1999 and the Rules and Regulations made under that Act to the extent applicable.

**5. Under the SEBI Act, we report that**

- a. The Company has complied with the requirements under the Listing Agreements entered into with Bombay Stock Exchange Limited and National Stock Exchange of India Limited except appointing two Independent Directors on its Board as per the Listing Agreements entered into with Stock Exchanges.
- b. We were informed by the management that pursuant to the Mumbai High Court order passed for amalgamation between Amlika Mercantile Private Limited and Nagarjuna Corporation Limited (respective shareholders); the provisions applicable as per Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011 with regard to the disclosures (under SAST Regulations, 2011) and maintenance of records required under the Regulations have been complied with.
- c. The Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 with regard to disclosures and maintenance of records required under the Regulations.
- d. The Company need not comply with the provisions of the Securities and Exchange Board of India (Employee Stock Options Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 with regard to implementation of Employees Stock Option Scheme, grant of Options and related disclosures and other aspects as no such transaction had arisen in this respect during the year under review.
- e. The Company need not comply with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009 as there was no issue and no allotment of convertible warrants on preferential basis to entities in the Promoters Group

- 6. We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Note: This report is to be read with our letter of even date which is annexed as "ANNEXURE-A" and Forms an integral part of this report.

**For KBG Associates  
Company Secretaries**

**(Srikrishna S Chintalapati)  
Partner  
CP # 6262**

Hyderabad  
July 3, 2015

**'ANNEXURE-A'**

To,  
The Members,  
**Nagarjuna Fertilizers and Chemicals Limited**  
Nagarjuna Hills, Punjagutta  
Hyderabad – 500 082  
Telangana

Our report for the even date to be read with the following Letter;

**SI Particulars**

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.
7. Pursuant to analysis made; we have been given to understand that the scope of the audit is restricted to
  - a) Companies Act, 2013
  - b) SEBI Act, 1992
  - c) The Depositories Act, 1996
  - d) Foreign Exchange Management Act, 1999

**For KBG Associates  
Company Secretaries**

**(Srikrishna S Chintalapati)  
Partner  
CP # 6262**

Hyderabad  
July 3, 2015

# Corporate Governance Report

(Annexure to Directors' Report)

## A. COMPANY'S PHILOSOPHY

At Nagarjuna, we believe in the philosophy of 'Serving Society through Industry', with the Nagarjuna Culture being 'We live every moment of life in harmony with nature to create value for ourselves, our stakeholders and the society'.

This philosophy is backed by principles of concern, commitment, ethics, excellence and learning in all its interactions with stakeholders, customers, associates and community at large which has always propelled the Group towards newer horizons.

Owing to the changing business environment in which the Company today operates, your Company has drawn up a Vision

'To be global leaders in plant nutrition'

with a Mission

'We shall pioneer transformation in plant nutrition, deliver wholesome plant nutrition solutions to the farmers and be the organization to be associated with'.

At Nagarjuna, we continually strive to transform our business environment. We are committed to continuously evoke customer delight through constant review, monitoring and delivering proactive value-added solutions. We are also committed to provide satisfaction of all stakeholders in a balanced manner through sustainable growth and profitability. We also aim to create an environment where work becomes an enjoyable experience aligning individual goals with organizational goals, share knowledge and information, be proactive and responsible, pursue excellence and be committed, transforming the society. We aim to create an environment which enhances opportunities for all the good things, better health, education and overall quality of living that life has to offer.

At Nagarjuna, we believe that it is not the latest technology or management practice (as important as they are) that makes an organization successful as it ought to be. However, what makes it an enterprise worthy of emulation is that it shapes the environment in which it grows through active fostering of creativity, innovation, entrepreneurship and knowledge sharing.

We believe in the principles of trusteeship, fair play and transparency in all our dealings. We endeavour to have a work culture, which is performance-driven and conducive to improving discipline, accountability, character, team spirit and honesty, personally and professionally.

We also believe that mutual care and concern among the employees and the organization acts as a guiding principle.

### GOVERNANCE PHILOSOPHY

Your Company firmly believes that building a culture of compliance is more than meeting regulations and standards. Your Company is always proactive in meeting mandated standards and practicing Corporate Governance in spirit and not just the letter of the law.

Your Company's philosophy on Corporate Governance is based on following principles:

- i) Preserving core values and ethical business conduct.
- ii) Commitment to maximizing shareholder value on a sustained basis.
- iii) To enhance the efficacy of the Board and inculcate a culture of transparency, accountability and integrity across the Company.

- iv) Perceiving and mitigating the various risks that impact the Company.
- v) Make timely and transparent disclosures.
- vi) Legal and statutory compliances.

Your Company's ethos is self-regulatory system of prompt reporting, monitoring, certification and voluntary code of practice and standards improving management effectiveness, supervision and accountability to stakeholders.

### CORPORATE ETHICS

As a responsible corporate the Company consciously follows corporate ethics in business and corporate interactions. The various Codes and Policies adopted by the Company that determine its functioning are:

- Code of Conduct and Ethics for Senior Management
- Code of Conduct for Prevention of Insider Trading
- Policy on Corporate Social Responsibility
- Policy on Corporate Governance
- Policy on Related Party Transactions
- Legal Compliance Policy
- Whistle Blower Policy
- Policy on Vendor Grievances
- Policy on Supply Chain
- Policy on Succession Planning
- Policy on Employee Participation in Management
- Policy on Conflict Management
- Policy on Training for Board of Directors
- Policy on Induction of Directors
- Board Charter
- Forex Risk Management Policy
- Policy on Corporate Sustainability
- Policy on Sexual Harassment at Workplace
- Policy on Board Evaluation
- Policy on Nomination and Remuneration
- Policy for determining Material Subsidiaries

The effective implementation of these codes/policies underpins the commitment to uphold highest principles of Corporate Governance consistent with the Company's goal to enhance stakeholder value. These codes/policies are briefly described in the report.

### DATE OF REPORT

The information provided in the Corporate Governance report for the purpose of unanimity is as on March 31, 2015.

The report is updated as on the date of the report wherever applicable.

## B. BOARD OF DIRECTORS

### ROLE OF BOARD OF DIRECTORS

The Board has its own charter which sets out the role, structure, responsibilities and operation of the Board.

The primary role of the Board is that of trusteeship to protect the interest of Company, its stakeholders and enhance their value. As trustee, the Board ensures that the Company has clear goals and

policies for achievement which are in alignment with the Vision and Mission of the Company.

The Board provides strategic direction, reviews corporate performance, authorises and monitors strategic decisions, ensures regulatory compliances and safeguards interest of stakeholders.

The Board is responsible for maintaining and nurturing high levels of Corporate Governance in the Company.

#### PECUNIARY RELATIONSHIP

Non-Executive Directors/Independent Directors are committed to maintain a high level of Corporate Governance and as such they do not have any material pecuniary relationship with the Company except as stated in the Corporate Governance report.

#### COMPOSITION

The Board of Directors of the Company consists of an optimum combination of Executive, Non Executive Directors and Independent Directors from eminent and diverse fields including one woman Director.

The members of the Board of Directors of the Company include nominees of IDBI Bank Limited, IFCI Limited, ICICI Bank Limited, State Bank of India and our co-promoters Krishak Bharathi Cooperative Limited and nominees of core promoter companies.

The Board believes that the current size is appropriate based on the present circumstances and periodically evaluates the need for change in composition and size of the Board. The Company needs to appoint additional independent directors in compliance with the requirements of the Companies Act, 2013 and the Listing Agreement entered into with Stock Exchanges.

The table below shows the composition of the Board as on March 31, 2015.

Category	No. of Directors	% of total No. of Directors
Executive Directors	2	18.18%
Non-Executive Directors	1	9.09%
Nominee Directors	4	36.36%
Independent Directors	4	36.36%

#### DIRECTORS ATTENDANCE AND DIRECTORSHIP HELD

None of the Directors of your company are Directors on the Board of more than 20 companies or 7 listed companies or 10 board level committees or Chairman in more than 5 Committees, across all companies in which they are Directors.

The table below gives the details of the Board and AGM attendance, membership in Committees of Board of Nagarjuna Fertilizers and Chemicals Limited and Directorships and committee positions held in other companies, for the year 2014-15.

Directors	DIN No.	Attendance Particulars			Committee of Board of NFCL	No. of Board, Committee Memberships & Chairmanship (other than NFCL) in Public, Pvt, Sec 8 Companies of Companies Act, 2013 etc			
		Board Meeting		Attended Last AGM held on September 26, 2014		Board		Board Committees	
		Held	Attended			Chairman	Director	Chairman	Member
<b>INDEPENDENT</b>									
Dr. N. C. B Nath	00026509	5	5	Yes	<ul style="list-style-type: none"> <li>Audit</li> <li>Nomination and Remuneration</li> <li>Stakeholders Relationship</li> <li>Management</li> </ul>	—	1	3	1
Mr. S. R. Ramakrishnan	00015839	5	3	Yes	<ul style="list-style-type: none"> <li>Audit</li> <li>Nomination and Remuneration</li> <li>Management</li> </ul>	1	2	2	6
Mr. D Ranga Raju @	00066546		NA	NA	Nil	-	6	-	6
Ms. Lalitha Raghuram @@	07161344		NA	NA	<ul style="list-style-type: none"> <li>Audit Committee</li> </ul>	-	1	-	1
<b>NON EXECUTIVE</b>									
Mr. Chandra Pal Singh Yadav*	00023382	5	2	Yes	Nil	6	8	3	1
<b>NOMINEE</b>									
Mr. M. P. Radhakrishnan	00129222	5	5	Yes	<ul style="list-style-type: none"> <li>Management</li> <li>Stakeholders Relationship</li> <li>Investment</li> <li>Nomination and Remuneration</li> </ul>	-	-	-	-
Mr. Viney Kumar*	00191129	5	2	No	<ul style="list-style-type: none"> <li>Audit</li> <li>Investor Grievance</li> <li>Management</li> </ul>	-	-	-	-
Mr. Yogesh Rastogi	01162334	5	3	No	Nil	-	-	-	-
Mr. Anish Babu Venugopal #	02830575	5	2	No	Nil	-	-	-	-
Mr. Shailendra Govind Nadkarni**	03401830	5	1	No	<ul style="list-style-type: none"> <li>Management</li> <li>Stakeholders Relationship</li> </ul>	-	-	-	-
Mr. Pawan Kumar ##	02153960	5	—	No	Nil	-	-	-	-

Name	DIN No.	Attendance Particulars			Committee of Board of NFCL	No. of Board, Committee Memberships & Chairmanship (other than NFCL) in Public, Pvt, Sec 8 Companies of Companies Act, 2013 etc			
		Board Meeting		Attended Last AGM held on September 26, 2014		Board		Board Committees	
		Held	Attended			Chairman	Director	Chairman	Member
<b>EXECUTIVE DIRECTORS</b>									
Mr. K. S. Raju	00008177	5	5	Yes	<ul style="list-style-type: none"> <li>• Audit</li> <li>• Management</li> <li>• Shares &amp; Debentures</li> <li>• Banking</li> <li>• Investment</li> <li>• Nomination and Remuneration</li> <li>• Risk</li> <li>• Corporate Social Responsibility</li> </ul>	6	9	10	4
Mr. K. Rahul Raju	0015990	5	4	Yes	<ul style="list-style-type: none"> <li>• Shares &amp; Debentures</li> <li>• Banking</li> <li>• Management</li> <li>• Investment</li> <li>• Risk</li> <li>• Corporate Social Responsibility</li> </ul>	-	10	-	5

@ Mr. D Ranga Raju appointed as Additional Director and Independent Director with effect from March 25, 2015

@@ Ms. Lalitha Raghuram appointed as Additional Director and Independent Director with effect from April 18, 2015

\* Mr. Viney Kumar ceased to be Nominee of IDBI Limited on the Board of the Company with effect from August 26, 2014

\*\* Mr. Shailendra Govind Nadkarni appointed as Nominee of IDBI Limited on the Board of the Company with effect from August 26, 2014.

# Mr. Anish Babu Venugopal, ceased to be Nominee of IFCI Limited on the Board of the Company with effect from February 13, 2015.

## Mr. Pawan Kumar, appointed as Nominee of IFCI Limited on the Board of the Company with effect from February 13, 2015.

#### BOARD AGENDA AND MINUTES

As a system, Agenda, Notes on Agenda and information to directors are generally circulated not less than seven days before the meeting of the Board of Directors. All material information is incorporated in the agenda papers for facilitating focused discussions at the meeting.

The company is in compliance of Secretarial Standard – I and II issued by the Institute of Company Secretaries of India.

The Board of Directors meet at least once in every quarter to review the quarterly financial results and operations of the company. Apart from this, Board Meetings are convened by giving appropriate notice to address specific needs and business requirements of the company.

Matters of urgent nature are approved by the Board by passing resolutions through circulation

The dates of the Board Meeting are decided well in advance and are communicated to the directors to enable them make it convenient to attend the meeting.

During the year under review the Board of Directors met five times during the year on May 29, 2014, July 30, 2014, September 26, 2014, November 10, 2014 and February 13, 2015

The company has a formal system of follow up, review and reporting on actions taken by the management on the decisions of the Board and Committees of the Board. The Company presents a comprehensive Action Taken Report of the previous meeting to the Board of Directors at the ensuing Meeting of the Board of Directors.

#### INFORMATION TO THE BOARD

The Board has complete access to all the information within the company inter alia the following information is regularly provided to the Board as part of the agenda papers.

- Monthly operations report and quarterly results of the company.
- Annual operating plans, budgets, capital budgets, cash flow, updates and all variances.

- Contracts in which Directors are deemed to be interested.
- Materially important show-cause notices, demand, prosecutions or other legal notices.
- Materially relevant default in financial obligations to and by the company.
- Significant labour problems and their proposed solutions and other significant developments.
- Compliance of any regulatory, statutory nature or listing requirements.
- Minutes of the meetings of the Board of Directors and Committees of the Board of Directors.
- Status of subsidiary companies.
- Minutes of meetings of the Board of Directors of subsidiary companies.
- Details of related party transactions.
- Quarterly compliance report on Clause 49 and any noncompliance.
- Report on risk assessment and minimisation procedures.
- Information on recruitment and remuneration of senior managerial personnel below the Board level.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Issues which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Significant sale of investments, subsidiaries, assets, which are not in the normal course of business.
- Details of any joint ventures or collaboration agreements.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Quarterly details of foreign exchange exposures and the steps taken by the management to limit the risks of adverse exchange rate movement, if material.

## REVIEW OF LEGAL COMPLIANCE REPORTS

The Board periodically reviews the compliance reports in respect of the various statutory enactments applicable to the company.

## REMUNERATION TO DIRECTORS

### Remuneration to Directors

The Company has adopted a Nomination and Remuneration Policy in compliance of Section 178 of the Companies Act, 2013 and the Listing Agreement, entered into by the Company with Stock Exchanges. The Policy shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees.

The Company has adopted a Policy on Board Evaluation in compliance of Companies Act, 2013 and the Clause 49 of the Listing Agreement entered into with the Stock Exchanges. The purpose of the policy is to assess the effectiveness of the Board as a whole, Committees of Board and Individual Directors (Independent and Non-Independent) on regular basis and to take necessary steps for improving the effectiveness of the Board. The Nomination and Remuneration Committee of the Board is responsible for the evaluation of the Board, Committee and Directors.

### Remuneration to Non-Executive Directors/Independent Directors

The Non-Executive Directors of the company, whether Independent or Non-Independent, are paid sitting fees for attending the meetings of the Board of Directors/Committees of Board of Directors which is within the limits prescribed under the Companies Act, 1956 and the company has not paid any other fee or compensation to the Non-Executive Directors.

The table below shows the details of remuneration paid to Non- Executive/ Independent Directors of the company during 2014-15 as sitting fees for attending the Meetings of the Board of Directors or Committees of the Board of Directors.

Name of the Director	Sitting Fees paid for attending meetings of the Board of Directors/ Committees of Directors
<b>INDEPENDENT</b>	
Dr N. C. B. Nath	3,51,000
Mr. S. R. Ramakrishnan	1,48,500
Mr. D Ranga Raju	-
Ms. Lalitha Raghuram	-
<b>NON-EXECUTIVE</b>	
Mr. Chandra Pal Singh Yadav	27,000
<b>NOMINEE</b>	
Mr. M. P. Radhakrishnan	2,70,000
Mr. Anish Babu *	27,000
Mr. Viney Kumar/Mr. Shailendra Govind Nadkarni **	1,62,000
Mr. Yogesh Rastogi ***	40,500

\* Paid to IFCI Limited \*\* Paid to IDBI Limited \*\*\* Paid to ICICI Limited

### Remuneration to Executive Directors

The Executive Directors' remuneration is subject to compliance of Schedule V of the Companies Act, 2013 and other applicable provisions. The Board, on the recommendations of the Nomination and Remuneration Committee of the Board of Directors, considers the remuneration of the

Executive Directors. The Board recommends the remuneration of Executive Directors, for approval of the shareholders, at the General Body Meeting or any such authority as may be required.

The remuneration paid is determined keeping in view the industry benchmark, the relative performance of the company and on review of remuneration packages of CEO's of other organizations in the industry.

Apart from the above, the Executive Directors do not receive any other remuneration.

Perquisites include housing, medical reimbursement, leave travel concession, club fees, personal accident insurance, earned leave and car among other.

The company has not entered into any contract with the managerial personnel and the notice period is governed by the rules of the company and no severance fees is payable.

The company does not have any stock option scheme for the managerial personnel.

The table below shows the details of remuneration paid to Executive Directors of the company during 2014-15

Directors Name	Salary p.m. and Commission	Perquisites
Mr. K. S. Raju	₹2,50,000/- Commission of 0.5% of the net profit of the Company limited to annual salary	@perquisites are restricted to an amount equal to the annual salary.
Mr. K. Rahul Raju	₹2,50,000/- Commission of 0.5% of the net profit of the Company limited to annual salary	@ perquisites are restricted to an amount equal to the annual salary.

During the year 2014-15 the company has not increased the remuneration of any of its Directors.

The Company has filed necessary applications with the Central Government in relation to the waiver of remuneration paid to Mr. K S Raju, Chairman and Mr. K Rahul Raju, Managing Director during the year April 1, 2013 to March 31, 2014 and for the period April 1, 2014 to July 31, 2014 in view of the loss for the year ended March 31, 2014 and the default under the provisions of Schedule XIII of the Companies Act, 1956 and Schedule V of the Companies Act, 2013 during the previous financial year.

The Central Government considered the applications of the Company and in view of the Companies Act, 1956 being repealed and the Companies Act, 2013 coming into force from April 1, 2014, while rejecting the application suggested that the company make a fresh application for waiver of recovery of excess remuneration paid in the financial year 2013-14 after complying with the statutory requirements.

The Company has made fresh applications for waiver of the recovery of excess remuneration paid, over and above the limits prescribed under the provisions of Companies Act 1956 and Companies Act 2013 for the respective periods and for payment of remuneration to Mr. K S Raju and Mr. K Rahul Raju

The application made by the company for the re-appointment and payment of remuneration for the period August 1, 2014 to July 31, 2017 is pending.

## APPOINTMENT OF THE DIRECTORS

### Non-Executive Director

Mr. Chandra Pal Singh Yadav, Director of the company is liable to retire by rotation and being eligible offers himself for reappointment as Director, liable to retire by rotation.

### Independent Directors

#### Mr. D Ranga Raju and Ms. Lalitha Raghuram

In accordance with Section 149, 152 and Schedule IV read with relevant Rules of the Companies Act, 2013, it is proposed to appoint Mr. D Ranga Raju and Ms. Lalitha Raghuram as Independent Directors of the company not liable to retire by rotation upto the conclusion of the 14 th Annual General Meeting pursuant to the provisions of Section 149 of the Companies Act, 2013 and the Listing Agreement.

The appointments are being placed before the members of the company at the 9th Annual General Meeting for their approval.

### NON-EXECUTIVE DIRECTOR

Name of the Directors	Date of Birth	Last re-appointment	Qualification on Experience	Directorships in other companies (Only Public Cos.,)	Membership of Committees of the Board in other Companies
Mr. Chandra Pal Singh Yadav	March 19, 1959	September 26, 2014	MSC, B.Ed, LLB	<ul style="list-style-type: none"> <li>- Nagarjuna Oil Refinery Limited</li> <li>- Krishak Bharati Co-operative Limited</li> <li>- KRIBHCO Shyam Fertilizers Limited</li> <li>- National Coop. Union of India</li> <li>- Kribhco Infrastructure Limited</li> <li>- Continental Multimodal Terminals Limited</li> <li>- Gujarat State Energy Generation Limited</li> <li>- Kisan Bahudesiya Sehkari Samiti Limited</li> <li>- The Anupama Coop. Veg. &amp; Fruit Growers Mktg. Society Limited</li> <li>- National Coop. Consumer Federation of India Limited (NCCF)</li> <li>- National Film &amp; Fine Arts Coop. Limited (NAFFAC)</li> </ul>	<ul style="list-style-type: none"> <li>Krishak Bharathi Co.op. Limited</li> <li>- Executive Committee</li> <li>- Audit Committee</li> <li>- Sub-committee on Marketing</li> <li>National Cooperative Union of India</li> <li>- Executive Committee</li> <li>Kribhco Shyam Fertilizers Limited</li> <li>- Remuneration Committee</li> <li>- Audit &amp; Finance Committee</li> </ul>

### INDEPENDENT DIRECTORS

Name of the Directors	Date of Birth	Last appointment	Qualification on Experience	Directorships in other companies (Only Public Cos.,)	Membership of Committees of the Board in other Companies
Mr. Ranga Raju	June 20, 1934	March 25, 2015	B.Com	<ul style="list-style-type: none"> <li>- Nagarjuna Oil Refinery Limited</li> <li>- Nagarjuna Agrichem Limited</li> <li>- Bhagiradha Agro Chemicals Limited</li> </ul>	<ul style="list-style-type: none"> <li>Nagarjuna Agrichem Limited</li> <li>- Audit Committee</li> <li>- Share Transfer Committee</li> <li>- Banking Committee</li> <li>Bhagiradha Agro Chemicals Limited</li> <li>- Audit Committee</li> <li>- Share Transfer Committee</li> <li>Nagarjuna Oil Refinery Limited</li> <li>- Nomination and Remuneration Committee</li> </ul>
Ms. Lalitha Raghuram	June 22, 1962	April 18, 2015	P.G (Masters in Social Welfare)	<ul style="list-style-type: none"> <li>- Nagarjuna Oil Refinery Limited</li> </ul>	<ul style="list-style-type: none"> <li>Nagarjuna Oil Refinery Limited</li> <li>- Audit Committee</li> </ul>

**PERFORMANCE EVALUATION OF DIRECTORS AND CRITERIA FOR EVALUATION:**

The Directors Report contains information in this regard.

**DETAILS OF FAMILIARIZATION PROGRAMMES TO DIRECTORS**

The Company as a practice ensures that all Directors are briefed on matters of the company on their induction into the Board of Directors of the company. The company also issues a Letter of Appointment in case of Independent Directors detailing their terms and conditions of appointment.

The Memorandum and Articles of Association of the company, copies of Annual Reports for the previous financial years, half year reports, organization structure, Company policies including Code of Conduct, Insider Trading Policy and Board Charter, Whistle Blower Policy etc. are provided to the directors at the time of induction.

The Board of Directors are also familiarized at regular intervals on any changes that takes place in the organization and also updations on statutory enactments effecting them as Directors or impacting the company.

**REMUNERATION POLICY**

The Nomination and Remuneration Policy has been adopted by the Board of Directors based on the recommendation of the Nomination and Remuneration Committee in compliance of Section 178 of the Companies Act, 2013 and the Listing Agreement, entered into by the Company with Stock Exchanges.

This Policy acts as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees.

**RELATED PARTY TRANSACTIONS**

The Directors Report contains information in this regard.

**MEETINGS OF INDEPENDENT DIRECTORS**

The Independent Directors of the company have even before the notification by SEBI, been having informal meetings before every Board Meeting and discussing the issues impacting the company.

**RETIREMENT POLICY OF THE DIRECTORS**

The company does not have a Retirement Policy for the members of the Board of Directors of the company and complies with the provisions of the Companies Act, 2013 and Listing Agreement.

**RESPONSIBILITIES OF THE DIRECTORS**

**Responsibilities of the Board**

The primary role of the Board is that of trusteeship to protect and enhance shareholder value. As a trustee, the Board ensures that the company has clear goals and policies for achievement. The Board oversees the company's strategic direction, makes strategic intervention, reviews corporate performance, authorises and monitors strategic decision, ensures regulatory compliance and safeguards interests of stakeholders.

**Responsibilities of the Chairman and Managing Director**

The Board of Directors at their Meeting held on July 27, 2011 delegated powers to Mr. K. S. Raju, Chairman and Mr. K. Rahul Raju, Managing Director to enable them to carry out the day-to-day operations of the company.

The powers encompass all areas such as finance, personnel, legal, general and miscellaneous powers.

**SHARES HELD BY EXECUTIVE AND NON-EXECUTIVE DIRECTORS**

Mr. K. S. Raju, Chairman and Mr. K. Rahul Raju, Managing Director do not hold any shares in the company as on March 31, 2015

None of the Non-Executive Directors held shares in the company as on March 31, 2015.

**CODE OF CONDUCT AND ETHICS**

The company adopted the Code of Conduct and Ethics for Directors and Senior Management Personnel. The Code was circulated to all the members of the Board and Senior Management and the same has been put on the company's website [www.nagarjunafertilizers.com](http://www.nagarjunafertilizers.com).

The Board of Directors and Senior Managerial Personnel have affirmed their compliance with the Code and a declaration to this effect signed by Managing Director and Company Secretary appears in the annexure to the Corporate Governance report.

**LEAD INDEPENDENT DIRECTOR**

Dr. N. C. B. Nath, the Chairman of the Audit Committee of Board of Directors, is the Lead Independent Director. The Lead Independent Director on behalf of the Independent Directors provides structural feedback to the Board to encourage healthy discussions and openness among the Board members.

**TRAINING FOR THE BOARD MEMBERS**

As part of ongoing knowledge sharing, the Board of Directors are updated with relevant statutory amendments and landmark judicial pronouncements encompassing important laws such as Company law, SEBI Law, Income Tax Law, among others at meetings of the Board of Directors.

The Board of Directors meet periodically with Senior Managerial Personnel and discuss areas of interest of the company.

The company, as a good governance practice, put in place a "Policy on Training of Board of Directors".

**COMMITTEES TO THE BOARD**

The Board of Directors constituted various Committees with adequate delegation to focus on specific areas and take decisions so as to discharge the company's day-to-day affairs. Each Committee is guided by its charter, which defines the composition, scope and powers of the committee. All decisions and recommendations of the Committees are placed before the Board of Directors.

The Committees constituted by the Board as on date are:

**1. SHARES AND DEBENTURES COMMITTEE**

The Shares and Debentures Committee comprises of:

Name of the Member	Category
Mr. K. S. Raju	Chairman
Mr. K. Rahul Raju	Member

The Committee met twice during the year 2014-15 on July 21, 2014 and November 28, 2014.

The quorum is two members present in person.

#### Terms of reference:

Allotment of shares, debentures, securities, accept calls in advance and/or share capital not called up, approve/reject or otherwise deal with applications for transfer, transmission, transposition, mutation of shares and debentures, issue share and debenture certificates including duplicate, split, sub-divide or consolidated certificates and to deal with all related matters.

#### 2. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Committee met four times during 2014-15.

The table below lists the members of the Committee and the various dates on which meetings were held and their attendance particulars.

Name of the Member	Category	Dates of Meeting and attendance particulars			
		29-05-2014	30-07-2014	10-11-2014	13-02-2015
Dr. N. C. B. Nath	Chairman	✓	✓	✓	✓
Mr. M. P. Radha Krishnan	Member	✓	✓	✓	✓
Mr. Viney Kumar*	Member	✓	✓	-	-
Mr. Shailendra Govind Nadkarni**	Member	-	-	✓	X

\* ceased to be a Member with effect from April 21, 2014

\*\* Appointed as Member with effect from August 26, 2014

The quorum is two members present in person.

#### Terms of reference:

The matters that are considered necessary in relation to shareholders, debenture holders, investors and various other stakeholders of the company in relation to transfer of shares, non-receipt of declared dividends, non-receipt of balance sheet, complaints directly concerning the shareholders/ investors as stakeholders of the company but not limited to the above mentioned matters.

#### 3. MANAGEMENT COMMITTEE

The Management Committee of Directors met four times during 2014-15 apart from considering matters through circulation.

The table below lists the members of the Management Committee and the various dates of meetings and their attendance particulars.

Name of the Member	Category	Dates of Meeting and attendance particulars			
		29-05-2014	30-07-2014	10-11-2014	13-02-2015
Mr. K. S. Raju	Chairman	✓	✓	✓	✓
Dr N C B Nath	Member	✓	✓	✓	✓
Mr. S. R. Rama Krishnan	Member	X	✓	✓	X
Mr. K. Rahul Raju	Member	✓	X	✓	✓
Mr. M. P. Radha Krishnan	Member	✓	✓	✓	✓
Mr. Viney Kumar *	Member	✓	✓	-	-
Mr. Shailendra Govind Nadkarni**	Member	-	-	✓	X

\* ceased to be a Member with effect from April 21, 2014

\*\* Appointed as Member with effect from August 26, 2014

The quorum is two members present in person.

#### Terms of reference:

- To review the operations of the company from time to time and also formulate and review corporate objectives and strategies including long range plans for expansion/diversification of the company's activities.
- To formulate annual budgets/business plans for the company.
- To approve capital expenditure other than proposals for expansion, diversification, modernisation and de-bottlenecking, including research projects and R&D division and investment in immovable property, above ₹5 crores upto ₹10 crores per proposal, excluding the authority already delegated to Managing Director or Internal Management, as the case may be, as per Delegation of Authority.
- To approve revenue expenditure above ₹5 crores upto ₹10 crores in case of procurements on a single tender basis or above ₹10 crores upto ₹15 crores on multi-tender basis excluding the authority already delegated to Managing Director or internal management, as the case may be, as per Delegation of Authority.
- To make donations/contributions to charitable and other funds other than to any political party or for political purposes upto an aggregate amount of ₹10 lakhs in any financial year.
- To lay down and review from time to time the company's employment policy.

#### 4. AUDIT COMMITTEE

The Audit Committee of Directors comprises well-qualified and Independent Directors. All the members of the Committee possess adequate knowledge of finance and accounts. The scope of the activities of the Committee are in conformity as are set out in Clause 49 II (D) of the Listing Agreement with stock exchanges read with Section 292A of the Companies Act, 1956.

The table lists the members of the Audit Committee and the various dates on which meetings were held and the attendance particulars.

Name of the Member	Category	Dates of Meeting and attendance particulars		
		29-05-2014	30-07-2014	10-11-2014
Dr. N. C. B. Nath	Chairman	✓	✓	✓
Mr. S. R. Rama Krishnan	Member	X	✓	✓
Mr. M. P. Radha Krishnan *	Member	✓	-	-
Mr. Viney Kumar**	Member	✓	-	-
Mr. K. S. Raju	Member	✓	✓	✓
Mr. K. Rahul Raju***	Member	✓	-	-
Smt. Lalitha Raghuram****	Member	-	-	-

\* ceased to be a Member with effect from May 29, 2014

\*\* ceased to be a Member with effect from September 26, 2014

\*\*\* ceased to be a Member with effect from July 30, 2014

\*\*\*\* appointed as a Member with effect from May 16, 2015

The Secretary of the company acts as Secretary to the Committee.

The Statutory Auditors, the Cost Auditor, the Head-Internal Audit and such other executives as the committee considers appropriate are present as invitees for the Meetings of the Audit Committee.

The quorum for the Audit Committee is two members or 1/3rd of the strength of the Audit Committee, whichever is higher with at least two independent directors present at the meeting.

## Terms of Reference

- a) Oversee the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b) Recommending to the Board, the appointment, re-appointment remuneration and terms of appointment of auditors of the company.
- c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- d) Reviewing, with the management, the annual financial statements and auditors report thereon before submission to the Board for approval, with particular reference to:
  - i. Matters required to be included in the Director's Responsibility statement to be included in the Board's Report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013.
  - ii. Changes, if any, in accounting policies and practices and reasons for the same.
  - iii. Major accounting entries involving estimates based on the exercise of judgement by management.
  - iv. Significant adjustments made in the financial statements arising out of audit findings.
  - v. Compliance with listing and other legal requirements relating to financial statements.
  - vi. Disclosure of any related party transactions.
  - vii. Qualifications in the draft audit report.
- e. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- f. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter
- g. Review and monitor the auditor's independence and performance and effectiveness of audit process.
- h. Approval or any subsequent modification of transactions of the company with related parties.
- i. Scrutiny of inter-corporate loans and investments.
- j. Valuation of undertakings or assets of the company, wherever it is necessary.
- k. Evaluation of internal financial controls and risk management systems.
- l. Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- m. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- n. Discussion with internal auditors any significant findings and follow up thereon.
- o. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- p. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- q. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- r. To review the functioning of the Whistle Blower mechanism.
- s. To approve the appointment of CFO / Whole time Finance Director.
- t. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- u. To consider and commend to the Board appointment of Cost Auditor of the company.

## REPORT OF THE AUDIT COMMITTEE OF DIRECTORS FOR THE YEAR ENDED MARCH 31, 2015

To the shareholders of Nagarjuna Fertilizers and Chemicals Limited

- a. During the year under review, the Company's various departments, divisions spread all over India were audited by the In-house Internal Audit Department of the Company and the reports placed before the Audit Committee for consideration.
- b. The audits were carried out pursuant to an Audit Calendar prepared by the Internal Audit Department of the Company and approved by the Audit Committee at the beginning of the year.
- c. The Audit Committee noted the Audit Report, the view of the Auditee and the management on the observations of the Internal Audit Department.
- d. The Audit Committee's suggestions from time to time were implemented by the Company during the course of the year.
- e. The Internal Audit Department adopted a risk-based approach to the Internal Audit in accordance with the recommendations of the Institute of Chartered Accountants of India. This was in comparison to the earlier system of transaction mode of Audit.
- f. The Audit Committee sought clarifications from the Auditors, Cost Accountant and the Management of the Company, whenever required, in relation to the financial matters of the Company as per the scope and powers of the Audit Committee.
- g. The Audit Committee meetings were interactive.
- h. The Committee is recommending to the Board the ratification of the appointment of M/s. M Bhaskara Rao & Co., Chartered Accountants as Statutory Auditors of the Company, to carry out audit of the accounts of the Company for the Financial Year 2015-16. M/s. M Bhaskara Rao & Co., have been appointed as Statutory Auditors of the Company for a term of five years commencing from the conclusion of 8th Annual General Meeting to the conclusion of 13th Annual General Meeting subject to ratification at every Annual General Meeting. M/s. M Bhaskara Rao & Co., have confirmed their eligibility under Section 141 of the Companies Act, 2013.

- i. M/s. M Bhaskara Rao & Co., have also confirmed that they have a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India as per the requirements of Clause 41 of the Listing Agreement.
- j. The Committee is recommending to the Board, the reappointment of Mr. Dantu Mitra as Cost Accountant of the Company, for the financial year 2015-16.
- k. Mr. Dantu Mitra vide his letter dated March 2, 2015 has confirmed that:
  - a. He is eligible to be appointed as Cost Auditor of the Company pursuant to Section 141 of the Companies Act, 2013.
  - b. He holds a valid certificate of practice.
  - c. Pursuant to the revised procedure for appointment of Cost Auditor, as stated in Circular No.52/5/CAB-2011 dated April 11, 2011 Mr. Dantu Mitra has further confirmed that he is not disqualified under any of the provisions of Section 148 of the Companies Act, 2013 and he has further stated that he is having an independent (Sole Proprietor) Practice as a Cost Accountant and has an arm's length relationship with the Company.

Hyderabad  
May 16, 2015

Chairman, Audit  
Committee

#### 5. BANKING COMMITTEE

The Banking Committee of Directors met four times during 2014-15 on March 18, 2014, April 11, 2014, September 15, 2014, December 31, 2014

The Banking Committee comprises of

Name of the Member	Category
Mr. K. S. Raju	- Chairman
Mr. K. Rahul Raju	- Member

The quorum is two members present in person.

#### Terms of reference:

Availment of fund-based and non-fund-based credit facilities by the company from financial institutions and banks as per the limits delegated by the Board of Directors of the Company.

#### 6. INVESTMENT COMMITTEE

The committee has not met during the year 2014-15.

The Investment Committee comprises:

Name of the Member	Category
Mr. K. S. Raju	Chairman
Mr. K. Rahul Raju	Member
Mr. M. P. Radhakrishnan	Member

The quorum is two members present in person.

#### Terms of reference:

1. Investment of surplus funds in units, discounting of LC backed bills, clean bill discounting, inter-corporate deposits and investment in shares.
2. To disinvest or pledge the securities such as shares, debentures, government bonds, among others, held by the company in its name

from time to time and do all such acts, deeds and things that are necessary in this regard.

#### 7. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of Directors met three times during 2014-15.

The table below lists the members of the Nomination and Remuneration Committee and the various dates of meetings and their attendance particulars.

Name of the Member	Category	Dates of Meeting and attendance particulars		
		29-05-2014	30-07-2014	10-11-2014
Dr N C B Nath	Chairman	✓	✓	✓
Mr. K. S. Raju	Member	✓	✓	✓
Mr. S. R. Rama krishnan	Member	X	✓	✓
Mr. M. P. Radha krishnan	Member	✓	✓	✓

Terms of Reference:

- 1) formulate and recommend to the Board a Remuneration Policy, relating to the remuneration for the directors, key managerial personnel and other employees and review/ modify the same from time to time
- 2) formulate criteria for determining qualifications, positive attributes and independence of a director and review/ modify the same from time to time
- 3) identify persons who are qualified to become directors and who may be appointed in senior management and recommend to the Board their appointment and removal.
- 4) carry out evaluation of every director's performance.
- 5) devising a policy on Board diversity.
- 6) to select, retain and terminate the services of any consultant who shall assist the Committee in discharging its functions.

#### 8. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee of Directors met four times during 2014-15.

The table below lists the members of the Corporate Social Responsibility Committee and the various dates of meetings and their attendance particulars.

Name of the Member	Category	Dates of Meeting and attendance particulars			
		29-05-2014	30-07-2014	10-11-2014	13-02-2015
Dr. N. C. B. Nath	Chairman	✓	✓	✓	✓
Mr. K S Raju	Member	✓	✓	✓	✓
Mr. K Rahul Raju	Member	✓	X	✓	✓

The quorum is two members present in person.

#### Terms of reference :-

- 1) To formulate and recommend to the Board a CSR Policy in line with the activities mentioned in Schedule VII of the Companies Act, 2013
- 2) To recommend the amount of expenditure to be incurred
- 3) To institute a transparent monitoring mechanism for the implementation of the Policy from time to time.

## 9. RISK MANAGEMENT COMMITTEE

The Board of Directors of the company in accordance with the revised Clause 49 of the Listing Agreement had constituted a Risk Management Committee of the Board of Directors on May 29, 2014.

The Risk Management Committee of Directors met three times during 2014-15.

The table below lists the members of the Risk Management Committee and the various dates of meetings and their attendance particulars

Name of the Member	Category	Dates of Meeting and attendance particulars		
		30-07-2014	10-11-2014	13-02-2015
Dr. N. C. B. Nath	Chairman	✓	✓	✓
Mr. S. R. Rama krishnan	Member	✓	✓	X
Mr. M. P. Radha krishnan	Member	✓	✓	✓
Mr Viney Kumar *	Member	✓	-	-
Mr. Shailendra Govind Nadkrani **	Member	✓	✓	X
Mr. K S Raju	Member	✓	✓	✓
Mr. K Rahul Raju	Member	X	✓	✓

\* ceased to be a Member with effect from April 21, 2014

\*\* Appointed as Member with effect from August 26, 2014

The Chief Risk Officer of the Company and the Compliance Officer attend all the meetings of the Risk Management Committee.

The terms of reference of the Committee are as follows:

- To lay down procedures to inform the Board of the risk assessment and risk minimization procedures in the company.
- Framing, Implementing and monitoring the risk management plan of the company and such other functions as delegated by the Board from time to time.

### REMUNERATION POLICY:

The remuneration paid to Executive Directors is considered and recommended by the Nomination and Remuneration Committee and approved by the Board of Directors, keeping in view the provisions of Companies Act, 2013. The approval of the Board of Directors is subject to the approval by the shareholders and such other authorities, as the case may be.

### RISK ASSESSMENT AND MINIMISATION PROCEDURE

The company formulated an Enterprise Risk Management System to manage and mitigate unforeseen risks. The implementation of this system is through the Risk Management Steering Committee. The Committee is supported at the plant by the Plant Risk Management Committee and at the corporate office by Corporate Risk Management Committee.

The Committee at an early stage identifies, manages and responds to critical, cautionary and manageable risks in a systematic manner. To actively involve and inculcate the risk management right down the organization, 'Risk Owners and Risk Champions' were appointed for each department. Board members periodically review existing/new risks and action plans formulated to mitigate the risks.

### C. MANAGEMENT

The management identifies, measures, monitors and minimizes the risk factors in the business and ensures safe, sound and efficient operation.

The company developed and implemented policies, procedures and practices that attempt to translate the company's core purpose and mission into a reality.

All these policies, procedures and practices are elaborated hereunder:

#### a. Policy on Corporate Governance

The company always makes conscious efforts to inculcate best global Corporate Governance practices and goes beyond adherence to regulatory framework.

The company towards its commitment to trusteeship, transparency, accountability and equality in all its dealings and to maintain positive bonding has put in place a 'Policy of Corporate Governance'

#### b. Policy on Corporate Social Responsibility (CSR)

The company's dedicated philosophy of "Serving Society Through Industry" is envisaged through the above policy.

At Nagarjuna, CSR is an initiative to "create new value" to economic, environmental and social issues and is intended to identify your company with the society to establish rapport, increase competitiveness, and achieve sustainable growth, for better social development.

#### c. Policy on Vendor's Grievances

To ensure consistent smooth and timely supply of quality material and services at economically viable and competitive prices from various vendors, without any grievances, the Policy on Vendors' Grievances is adopted.

#### d. Policy on Supply Chain

Your company, being the largest manufacturer and marketer of agri inputs in South India, introduced a 'Policy on Supply Chain', to ensure quality products are delivered on time to end customers through a network of suppliers.

#### e. Prohibition of Insider Trading

The company had implemented a Policy prohibiting Insider Trading in conformity with regulations of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and now is aligned the Insider Trading to the SEBI (Prohibition of Insider Trading) Regulations, 2015. Necessary procedures have been laid for insiders identified from time to time, prohibiting trading in the securities of the company, based on unpublished price sensitive information.

#### f. Policy on Succession Planning

Your company has put in place a policy on succession planning, which is an ongoing process that identifies necessary competencies, and then works to assess, develop, and retain a talent pool of associates, in order to ensure a continuity of leadership for all critical positions.

#### g. Policy on Employee Participation in Management (EPM)

Your company framed a mechanism where the associates have an involvement and ownership in the decision making process of the organisation. The purpose of EPM is to increase production and productivity, evaluate costs, develop personnel, expand markets and risk management.

#### **h. Whistle Blower Policy**

The company formulated a policy to prohibit managerial personnel from taking adverse personnel action against employees disclosing in good faith, alleged wrongful conduct on matters of public concern involving violation of any law, mismanagement, misappropriation of public funds, among others.

Employees aware of any alleged wrongful conduct are encouraged to make a disclosure to the Audit Committee.

No personnel of the company was denied access to the Audit Committee.

#### **i. Legal Compliance Policy**

The company has a Legal Compliance Policy for duly complying with central, state and local laws and regulations to achieve and maintain high business standards and benchmark the internal legal practices against international standards.

The company uses an IT-enabled company specific Legal Compliance Management System known as “nSure” to ensure legal and regulatory compliances of various central, state and local statutes applicable across the company.

The system provides for tracking, monitoring and compliance at one point of control.

#### **j. Policy on Conflict Management**

The company adopted a Policy on Conflict Management, which aims to resolve conflicts, at the lowest possible level, using procedures that address and respect the needs, interest and rights of associates in a fair and efficient manner. This is attained through the use of both, formal and informal conflict management processes. These tools are effectively coordinated through the Conflict Management System (CMS).

#### **k. Policy on Training for Board of Directors**

At Nagarjuna, we strongly believe in continuous learning. The policy ensures that the Board of Directors, being at the highest level in the organisation structure, too require training and development, to update themselves and provide best services to the company. The training requirements of Directors vary in view of their nature of nomination on the Board and their training needs are structured accordingly.

#### **l. Policy on Induction of Directors**

The policy places the responsibility on the Chairman of the Board to ensure that all new Board members are briefed and have access to all aspects of the company’s operations. The new Directors will be briefed on several matters like, duties and powers of Directors, special duties or arrangements attaching to the position, requirement to disclose Directors interest, confidentiality and right to access company information, among others. Additionally, new Directors will be provided with other information like the company’s constitution, policies, organization structure and other relevant information.

#### **m. Board Charter**

This Charter sets out the role, structure, responsibilities and operations of the Board of the Company and its delegation of authority to the management.

The Charter sets out the role of the Board as a Trustee of the stakeholders and the company, who provides strategic direction, review corporate performance, authorise and monitor strategic decisions, ensure regulatory compliances and safeguard their interest.

#### **n. Forex Risk Management Policy**

The company constituted a Forex Risk Committee to achieve the specific objectives of managing treasury risks within the company’s strategic approach towards business and risk management.

The company has drawn up a Forex Risk Management Policy with the objectives of forex risk management, the risk management organisation structure, the benchmarks to measure performance, operational processes to identify, measure, monitor and manage forex risks, appropriate control parameters and MIS. The minutes of the Forex Risk Committee are reviewed by the Board of Directors at every Board meeting.

#### **o. Policy on Corporate Sustainability**

At Nagarjuna, the environmental and community responsibility extends beyond the narrow confines of compliance with statutorily-stipulated standards and aims to maintain long term harmony.

#### **p. Policy on Sexual Harassment at workplace**

Policy on Sexual harassment at the work place has been framed to be in line with The Sexual Harassment at the Workplace (Prevention, Prohibition and Redressal) Act 2013 and The Sexual Harassment at the Workplace (Prevention, Prohibition and Redressal) Rules 2013.

Any form of sexual harassment is unacceptable and therefore this policy is being framed to prohibit, prevent or deter the commission of acts of sexual harassment at workplace and to provide the procedure for the redressal of complaints pertaining to sexual harassment.

The Company has not received any complaint alleging sexual harassment during the year 2014-15.

#### **q. Policy on Related Party Transactions**

The company to the extent possible does ensure that there are no related party transaction and if entered into due to exigencies, shall enter into the transaction as if entered into between unrelated parties.

No Related Party Transaction may be entered into by the Company, except in accordance with the provisions of this Policy.

#### **r. Policy on Board Evaluation**

The purpose of the policy is to assess the effectiveness of the Board as a whole, Committees of Board and Individual Directors (Independent and Non-Independent) on regular basis and to take necessary steps for improving the effectiveness of the Directors involvement in decision making in the Board.

#### **s. Policy on Nomination and Remuneration Policy**

This policy acts as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and

evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees

**t. Policy for determining Material Subsidiaries**

The Policy for determining Material Subsidiaries, as required by Clause 49 of the Listing Agreement entered into with the Stock Exchanges determines the criteria for classifying a subsidiary as 'Material' in accordance with the provisions of this Policy.

**MANAGEMENT DISCUSSION AND ANALYSIS**

The Annual Report has a detailed chapter on Management Discussion and Analysis.

**MANAGEMENT DISCLOSURES**

Directors and Senior Management Personnel of the company, as well as certain identified key associates make half yearly disclosures to the Board relating to all material, financial and commercial transactions where they have interest, conflicting with the interest of the company. The interested Directors do not participate in the discussion nor do they vote on such matters when the matter is considered by the Board of Directors.

**D. STAKEHOLDERS**

**DISSEMINATION OF INFORMATION**

The company established systems and procedures to disseminate relevant information to its stakeholders including shareholders, auditors, suppliers, customers, employees and financiers. The primary source of information regarding the operations of the company, including the quarterly results, can be viewed on the company's website [www.nagarjunafertilizers.com](http://www.nagarjunafertilizers.com).

The quarterly and annual results of the company are sent to the Stock Exchanges immediately after they are approved by the Board of Directors and published in widely circulated English newspapers and in vernacular newspapers.

**Quarterly results sent electronically**

The company proactively requested the shareholders to inform the company about their email IDs. As an investor-friendly measure, the unaudited financial results and audited financial results for the year ended March 31, 2015 of the Company, were emailed in addition to being published in newspapers.

The company uses this channel of communication extensively to carry out substantial correspondence with the shareholders to reduce costs while maintaining reach to the shareholders. Shareholders, who have not yet registered their email IDs, may immediately do so at [investors@nagarjunagroup.com](mailto:investors@nagarjunagroup.com)

**CorpFiling/NEAPS facility**

The Company is filing information to the Stock Exchanges through CorpFiling website, [www.corpfiling.co.in](http://www.corpfiling.co.in) and filing of returns through NEAPS website, [www.connect2nse.com](http://www.connect2nse.com) shall commence after obtaining relaxation from SEBI under Rule 19(2)(b) and the trading of shares commences.

**INVESTOR GRIEVANCE REDRESSAL**

The company has 4,73,746 shareholders as on March 31, 2015.

The table below lists the details of shareholder's or depositor's queries/complaints/requests received and resolved during 2014-15.

Nature of Letters	Opening Balance	Received	Replied	Closing Balance
Change of address	0	215	215	0
Revalidation of dividend warrants	0	593	593	0
Share transfers	0	0	0	0
Demat / Remat of Shares	0	0	0	0
Issue of duplicate certificates	0	10	10	0
Transmission of shares *	474	113	0	587
General queries	0	4640	4640	0

\*In accordance with the Composite Scheme of Arrangement and Amalgamation the shares of NFCL will remain frozen till the receipt of listing / trading permission. The relaxation under Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957 for trading is pending from SEBI.

**SHARE TRANSFER SYSTEM**

The company's transfer of shares is fully computerized.

The dematerialized shares are directly transferred to the beneficiaries account by the depositories.

**REMOTE E-VOTING**

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 Clause 35B of the Listing Agreement entered into with the Stock Exchanges, the Company is providing remote e-voting facility of casting voting using an electronic voting system from a place other than venue of the General Meeting and voting at the General Meeting through ballot form on all the resolutions set forth in the Notice to the 9<sup>th</sup> Annual General Meeting to be held on Tuesday i.e., September 29, 2015 at 10.00 hours.

The company has engaged the services of Central Depository Services (India) Limited to provide remote e-voting platform to the shareholders.

Please refer to the detailed instructions on remote e-voting at page no. 104 of the Annual Report.

Shareholders holding shares in demat form and shareholders who have registered their email id with the company will also receive the remote evoting instructions by email.

Shareholders who do not have access to remote e-voting facility may use the enclosed Ballot Form and send their assent or dissent on or before close of business hours of September 28, 2015.

**Compliance Officer**

Mr. M. Ramakanth, Company Secretary of the company is the Compliance Officer for complying with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, the new regulations and the Listing Agreement entered with the Stock Exchanges.

**Share Transfer Agents**

The company has been functioning as Category II Share Transfer Agent (in-house) pursuant to the Securities and Exchange Board of India (SEBI) approval to the company.

**Nomination facility**

Shareholders holding physical shares may file nominations in prescribed Form SH-13 of the Companies (Share Capital and Debentures) Rules 2014 to the company. Those holding shares in dematerialized form may contact their respective Depository Participant (DP) to avail the nomination facility.

### Dematerialization of shares and liquidity

The shares of the company are under the category of compulsory delivery in dematerialized mode by all categories of investors.

The company signed agreements with both the depositories, National Securities Depository Limited and Central Depository Services (India) Limited. As on March 31, 2015, 90.91 % of the shares of the company are held in electronic mode.

The status of the company's equity shares is furnished below:

Total No. of equity shares	:	59,80,65,003
Total No. of shareholders as on March 31, 2015	:	4,73,746

The table below shows the status of the equity shares of the company as on March 31, 2015:

Mode of Shareholding	No. of Shares	% to Total Equity Shares	No. of Shareholders	% to Total Shareholders
Physical form	5,43,67,180	9.09%	2,05,764	43.43%
Held in electronic mode	54,36,97,823	90.91%	2,67,982	56.57%
Total	59,80,65,003	100.00%	4,73,746	100.00%

The company's ISIN No. for dematerialization for both NSDL and CDSL is INE454M01024

### RECONCILIATION OF SHARE CAPITAL AUDIT

A Practicing Company Secretary of the Institute of Company Secretaries of India, has carried out the Reconciliation of Share Capital Audit every quarter to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/ paid-up capital is in agreement with the aggregate total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

### DISTRIBUTION OF SHAREHOLDING

The table below shows the distribution of shareholding of various groups as on March 31, 2015

Share Holding	Share Holders		Share Holding	
	Number	% to Total	Value in Rs.	% to Total
Upto 5000	4,70,413	99.30	13,98,54,307	23.38
5001 – 10000	1,898	0.40	1,25,15,906	2.09
10001 – 20000	806	0.17	1,07,28,024	1.79
20001 – 30000	204	0.04	49,42,807	0.83
30001 – 40000	103	0.02	35,48,292	0.59
40001 – 50000	62	0.01	28,01,988	0.47
50001 – 100000	146	0.03	99,26,902	1.66
100001 and Above	114	0.02	41,37,46,777	69.18
TOTAL	4,73,746	100.00	59,80,65,003	100.00

The table below lists the distribution of promoter and non-promoter shareholding as on March 31, 2015

Category	No. of shares held	% of shareholding
A. Promoter's holding	34,17,00,062	57.13
B. Non-promoters holding		
I. Institutional investors		
a. Mutual funds and UTI	11,73,425	0.20
b. Banks, financial institutions, insurance companies (Central /State government institutions/ non-government institutions)	89,33,409	1.49
c. Foreign Institutional Investors	1,00,82,944	1.69
II. Others		
a. Private corporate bodies	5,74,31,654	9.60
b. Indian public	17,28,19,586	28.90
c. NRIs/OCBs	57,76,991	0.97
d. Any other (please specify)-Trusts	1,46,932	0.02
GRAND TOTAL	59,80,65,003	100.00

The table below lists the details of persons holding more than 1% shareholding in the Company as on March 31, 2015

S. No.	Name of the Company	%
	<b>Core Promoters</b>	
1	Amlika Mercantile Private Limited @	49.5%
	<b>Co-Promoters</b>	
1	Governor of Andhra Pradesh	3.58%
2	KRIBHCO	1.84%
3	Fireseed Limited	1.47%
	<b>Others - Private Corporate Bodies</b>	
1	Zuari Global Limited	5.40%

@ - Please refer Note in Point IV(ii) of Annexure - VI of Directors Report

### LIST OF PROMOTER COMPANIES OF THE NAGARJUNA GROUP

#### Core Promoters

1. Amlika Mercantile Private Limited

#### Co-Promoters

1. Fireseed Limited
2. Governor of Andhra Pradesh
3. Krishak Bharati Co-operative Limited
4. Saipem S.p.A. (formerly Snamprogetti S.p.A)

### RESTRUCTURING

The Composite Scheme of Arrangement and Amalgamation between Kakinada Fertilizers Limited, Iksan Limited, Nagarjuna Fertilizers and Chemicals Limited and Nagarjuna Oil Refinery Limited (Composite Scheme) was approved by the Hon'ble High Court of Bombay at Mumbai on June 17, 2011 and by the Hon'ble High Court of Andhra Pradesh at Hyderabad on June 27, 2011.

Consequent to the approval of the Jurisdictional High Courts the Composite Scheme was made effective on July 30, 2011 i.e., 'Effective Date' but operative from 'Appointed Date' i.e., April 1, 2011. With effect from July 30, 2011, the 'Oil Business Undertaking' of Erstwhile NFCL was demerged into NORL and the residual NFCL along with Iksan were merged into your company.

The company had filed applications for listing of equity shares with Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) on October 7, 2011. BSE approved application of the company for listing of 59,80,65,003 equity shares on December 14, 2011 and NSE provided in-principle approval for listing of 59,80,65,003 equity shares on January 13, 2012 subject to obtaining relaxation from SEBI under Rule 19(2)(b) of Securities Contracts (Regulation) Rules, 1957.

The company has been persistently following up with Securities and Exchange Board of India (SEBI) for relaxation under Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957 and has furnished all necessary documents/ clarifications from time to time after having complied fully with the provisions of the Companies Act, 1956, Listing Agreement and other statutory enactments in force.

The company, in view of the prolonged delay by SEBI, has filed an application before Securities Appellate Tribunal (SAT) to direct SEBI to

grant relaxation/waiver of Rule 19(2)(b) of Securities Contract (Regulation) Rules, 1957.

An application has been filed by SEBI in the High Court of Bombay at Mumbai challenging the approval granted to the Composite Scheme. The company is contesting the application and the matter is sub-judice.

The company is taking all necessary steps to protect itself and the interest of all its stakeholders and shall keep the stakeholders informed of any progress on the matter from time to time.

#### GENERAL BODY MEETINGS

The Eight Annual General Meeting of the company was held on September 26, 2014, at Sri Satya Sai Nigamagadam, 8-3-987/2, Srinagar Colony, Hyderabad - 500 073

Mr. K S Raju, Chairman, Chaired the meeting.

The table lists the details of the previous three Annual and Extra-ordinary General Body Meetings and the Special Resolutions passed.

#### LAST 3 ANNUAL / EXTRA-ORDINARY GENERAL MEETING

No. of AGM	Date & Time	Location	Special Resolution(s) passed
<b>6<sup>th</sup> AGM 2011-2012</b>	August 31, 2012 at 11.30 a.m	Satya Sai Nigamagadam, 8-3-987/2, Srinagar Colony, Hyderabad - 500 073	<ul style="list-style-type: none"> <li>Increase in remuneration of Mr. K S Raju, Chairman of the company.</li> <li>Increase in remuneration of Mr. K Rahul Raju, Managing Director of the company.</li> </ul>
<b>7<sup>th</sup> AGM 2012-2013</b>	November 29, 2013 at 09.00 a.m	Satya Sai Nigamagadam, 8-3-987/2, Srinagar Colony, Hyderabad - 500 073	<ul style="list-style-type: none"> <li>Alteration of Articles of Association by inserting provision relating to Buy Back of Shares of the company.</li> <li>Alteration of Articles of Association by substituting existing Article 136 with the new provision.</li> <li>Alteration of Articles of Association relating to Authorized Share Capital of the company by substituting the existing Article 5(1) with the new provision relating to the increase in the authorized share capital of the company.</li> </ul>
<b>8<sup>th</sup> AGM 2013-2014</b>	September 26, 2014 at 10.00 a.m	Satya Sai Nigamagadam, 8-3-987/2, Srinagar Colony, Hyderabad - 500 073	<ul style="list-style-type: none"> <li>Approval and ratification of remuneration paid to Mr. K S Raju, Chairman during the period April 1, 2013 to March 31, 2014</li> <li>Approval and ratification of remuneration paid to Mr. K Rahul Raju, Managing Director during the financial year April 1, 2013 to March 31, 2014</li> <li>Approval and ratification of remuneration paid to Mr. K S Raju, Chairman during the period April 1, 2014 to July 31, 2014</li> <li>Approval and ratification of remuneration paid to Mr. K Rahul Raju, Managing Director during the period April 1, 2014 to July 31, 2014</li> <li>Appointment of Mr. K. S. Raju as a Director and Chairman for a period of 3 years with effect from August 1, 2014 and payment of remuneration</li> <li>Appointment of Mr. K. Rahul Raju as a Managing Director for a period of 3 years with effect from August 1, 2014 and payment of remuneration</li> <li>Contribution not exceeding Rs. 2 Crores to Nagarjuna Foundation for undertaking CSR activities on behalf of the Company.</li> </ul>
<b>EGM 2011-12</b>	February 25, 2011 at 2.30 PM	Nagarjuna Hills, Punjagutta, Hyderabad-500082	<ul style="list-style-type: none"> <li>Cancellation of existing capital of Rs. 5 Lakhs of the Company pursuant to Section 100 to 103 subject to sanction of Composite Scheme</li> <li>Approval of the Company to borrow any sum of money as per section 293(1)(d) of the Companies Act, 1956</li> <li>Approval to create mortgage and/or charge as per Section 293(1)(a) of the Companies Act, 1956.</li> </ul>
<b>EGM 2011-12</b>	August 19, 2011 at 9.00AM	Nagarjuna Hills, Punjagutta, Hyderabad-500082	<ul style="list-style-type: none"> <li>Change of Name of the Company from Kakinada Fertilizers Limited to Nagarjuna Fertilizers and Chemicals Limited as per Section 21 of the Companies Act, 1956 and Orders of the High Court of Andhra Pradesh and High Court of Mumbai</li> <li>Alteration of Articles of Association of the Company pursuant to the provisions of Section 31 of the Companies Act, 1956 and Orders of the High Court of Andhra Pradesh and High Court of Mumbai</li> </ul>
<b>EGM 2011-12</b>	September 12, 2011 at 9.00 AM	Nagarjuna Hills, Punjagutta, Hyderabad-500082	<ul style="list-style-type: none"> <li>Alteration of Articles of Association as per Section 31 of the Companies Act, 1956.</li> <li>Contribution of sum not exceeding Rs. 1 crore per year to Nagarjuna Oil Refinery Limited (NORL) pursuant to Clause 29 of the Composite Scheme of Arrangement and Amalgamation and in accordance with Section 372A of the Companies Act, 1956</li> </ul>

#### DETAILS OF PUBLIC FUNDING IN THE LAST THREE YEARS

The Company has not raised any funds from the public.

The Company has not issued any GDRs/ADRs.

#### MONEYS REMAINING UNCLAIMED WITH THE COMPANY

The Company has no money remaining unclaimed with relation to fixed deposits, unclaimed deposits and interest on deposits.

There are unclaimed dividends and the same shall be transferred to Investor Education and Protection Fund as and when due for transfer.

#### DISCLOSURES

Compliance with mandatory requirements of the Listing Agreement

##### a. Related party transactions:

Names of related parties and description of relationship.

##### Subsidiaries

- (i) Jaiprakash Engineering and Steel Company Limited
- (ii) Nagarjuna Industrial Services and Investments Private Limited (formerly Nagarjuna Mauritius Private Limited)

##### Step down Subsidiaries

- (i) Spawnt Private S.a.r.l, Luxembourg

#### Associates

- (i) Nagarjuna Agricultural Research and Development Institute
- (ii) KVK Raju International Leadership Academy

#### Key Managerial Personnel

- (i) Mr. K S Raju, Chairman
- (ii) Mr. K Rahul Raju, Managing Director

#### Relatives of Key Managerial Personnel

- (i) Ms. Veda Raju (Wife of Mr. K Rahul Raju)
- (ii) Ms. K Lakshmi Raju (Daughter of Mr. K S Raju & Sister of Mr. K Rahul Raju)
- (iii) Ms. K Lakshmi Raju (Sister of Mr. K S Raju)

#### Enterprises able to exercise significant influence

- (i) Amlika Mercantile Private Limited

#### Enterprises significantly influenced by KMP or their relatives

- (i) NFCL Employees Welfare Trust
- (ii) Nagarjuna Agrichem Limited
- (iii) Nagarjuna Oil Refinery Limited
- (iv) Nagarjuna Foundation

#### Related party transactions during the year ended March 31, 2015

(₹ in Lakhs)

Nature of transaction	Subsidiaries	Associates	Key Management Personnel and Relatives	Enterprises significantly influenced by Key Management Personnel or their relatives
Advances given	(636.54)* (569.86)	Nil (Nil)	Nil (0.14)	492.39 (173.28)
Lease rental received	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (0.50)
Remuneration to key management personnel	Nil (Nil)	Nil (Nil)	138.32 (133.67)	Nil (Nil)
Rent paid	Nil (Nil)	Nil (Nil)	622.61 (83.02)	6.74 (6.74)
Donation	Nil (Nil)	Nil (Nil)	Nil (Nil)	80.00 (132.00)

Note: Figures in brackets represent previous year transactions.; \* Restatement of Exchange variance.

**Balances outstanding at the year ended March 31, 2015**

(₹ in Lakhs)

Nature of transaction	Subsidiaries	Associates	Key Management Personnel and Relatives	Enterprises significantly influenced by Key Management Personnel or their relatives
Loans and Advances				
Smt. K Lakshmi Raju (Sister of Shri K S Raju)	Nil (Nil)	Nil (Nil)	0.75 (3.25)	Nil (Nil)
Nagarjuna Industrial Services and Investments Private Limited	2,852.31 (3,488.86)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Nagarjuna Oil Refinery Limited	Nil (Nil)	Nil (Nil)	Nil (Nil)	879.21 (386.82)
<b>Rental Deposits receivable</b>				
Nagarjuna Agrichem Limited	Nil (Nil)	Nil (Nil)	Nil (Nil)	0.40 (0.40)
Smt. K Lakshmi Raju (Daughter of Shri K S Raju and Sister of Shri K Rahul Raju)	Nil (Nil)	Nil (Nil)	90.00 (90.00)	Nil (Nil)
Smt. K Lakshmi Raju (Sister of Shri K S Raju)	Nil (Nil)	Nil (Nil)	Nil (7.37)	Nil (Nil)
<b>Rental Deposits payable</b>				
Nagarjuna Agrichem Limited	Nil (Nil)	Nil (Nil)	Nil (Nil)	0.21 (0.21)
<b>Other Assets</b>				
Nagarjuna Agrichem Limited	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (8.49)
<b>Trade Payables</b>				
Shri.K Rahul Raju	Nil (Nil)	Nil (Nil)	116.38 (Nil)	Nil (Nil)
Smt. K Lakshmi Raju (Sister of Shri K S Raju)	Nil (Nil)	Nil (Nil)	Nil (2.21)	Nil (Nil)
Smt. K Lakshmi Raju (Daughter of Shri K S Raju and Sister of Shri K Rahul Raju)	Nil (Nil)	Nil (Nil)	1.53 (1.53)	Nil (Nil)
<b>Other Current Liabilities</b>				
Key Management Personnel	Nil (Nil)	Nil (Nil)	18.46 (Nil)	Nil (Nil)

Note: Figures in brackets represent previous year transactions.

**b. Disclosure of accounting treatment**

In the preparation of financial statements, the company followed the Accounting Standards issued by the Institute of Chartered Accountants of India

**c. Proceeds from the preferential issue of warrants**

Not applicable

**d. Certifications:**

- The Managing Director and Chief Financial Officer, certify every quarter that the unaudited financial results of the company do not contain any false or misleading statement or figures and do not omit any material fact which may make the statements or figures contained therein misleading.
  - A certificate as stipulated by Clause 49 signed by Managing Director and Chief Financial Officer certifying the correctness of the year end financial statements and cash flow statement, responsibility for internal controls and indication of changes in the internal control and accounting policies appears in the Annexure to this report.
  - A certificate as mandated by Clause 49 signed by Managing Director and Company Secretary certifying the compliance of code of conduct and ethics appears in the annexure to this report
- e. There were no penalties, strictures imposed on the company by Stock Exchanges or Securities and Exchange Board of India (SEBI) or any Statutory Authority on any matter related to capital markets during the last three years.

**Compliance with Mandatory Requirements of Clause 49**

Your company is fully compliant with the applicable mandatory requirements of Clause 49 of the Listing Agreement except to the extent of appointment of two Independent Directors.

A certificate from Practicing Company Secretary that the conditions of Corporate Governance as mandated by Clause 49 of the Listing Agreement, has been obtained and the same is shown as an Annexure to the Report.

The table shows the Compliance Report status

Particulars	Clause of Listing Agreement	Compliance Status (Yes/No)
<b>II. Board of Directors</b>	<b>49 (II)</b>	
A. Composition of Board	49 (IIA)	No
B. Independent Directors	49 (IIB)	Yes
C. Non-executive Directors' Compensation & Disclosures	49 (IIC)	Yes
D. Other Provisions as to Board and Committees	49 (IID)	Yes
E. Code of Conduct	49 (IIE)	Yes
F. Whistle Blower Policy	49 (IIF)	Yes
<b>III. Audit Committee</b>	<b>49 (III)</b>	
A. Qualified & Independent Audit Committee	49 (IIIA)	Yes
B. Meeting of Audit Committee	49 (IIIB)	Yes
C. Powers of Audit Committee	49 (IIIC)	Yes
D. Role of Audit Committee	49 (IIID)	Yes
E. Review of Information by Audit Committee	49 (IIIE)	Yes
<b>IV. Nomination and Remuneration Committee</b>	<b>49 (IV)</b>	Yes
<b>V. Subsidiary Companies</b>	<b>49 (V)</b>	Yes
<b>VI. Risk Management</b>	<b>49 (VI)</b>	Yes
<b>VII. Related Party Transactions</b>	<b>49 (VII)</b>	Yes
<b>VIII. Disclosures</b>	<b>49 (VIII)</b>	
A. Related Party Transactions	49 (VIIIA)	Yes
B. Disclosure of Accounting treatment	49 (VIIIB)	Yes
C. Remuneration of Directors	49 (VIIC)	Yes
D. Management	49 (VIID)	Yes
E. Shareholders	49 (VIIE)	Yes
F. Proceeds from public issues, rights issue, preferential issues, etc	49 (VIII I)	Not applicable
<b>IX. CEO/CFO Certification</b>	<b>49 (IX)</b>	Yes
<b>X. Report of Corporate Governance</b>	<b>49 (X)</b>	Yes
<b>XI. Compliance</b>	<b>49 (XI)</b>	Yes

#### GENERAL SHARHOLDERS INFORMATION

9 <sup>th</sup> Annual General Meeting Day, Date, Time and Venue	Tuesday, 29 <sup>th</sup> day of September, 2015 at 10.00 A.M.Sri Satya Sai Nigamagmam, Srinagar Colony, Hyderabad
Dates of Book Closure	September 22, 2015 to September 29, 2015 (both days inclusive)
Registered Office	D.No.8-2-248, Nagarjuna Hills, Punjagutta, Hyderabad - 500 082.
Plant Location	The Company has two urea and one customised fertilizer plants located at Kakinada in Andhra Pradesh and micro-irrigation system manufacturing facilities at Nacharam and Sadashivpet in Telangana and Halol in Gujarat
Compliance Officer	Mr. M Ramakanth, Vice President – Legal & Company Secretary Ph No.(040) 23355317. Fax (040) 23350247 Email : ramakanthm@nagarjunagroup.com
Share Transfer Agent	Nagarjuna Fertilizers and Chemicals Limited Investors Service Cell, Plot No 1, Punjagutta, Nagarjuna Hills, Hyderabad - 500 082 Telangana, India Tel: +91-40-23358405 Email: Investors@nagarjunagroup.com
Dividend history for the last five years	The Company has declared a dividend of Re. 1/- per share to the equity shareholders of the Company for the year ended March 31, 2012. No dividend was declared in the years 2012-13 and 2013-14.
Tentative dates for considering Financial Results	Quarter ending June 30, 2015 - 3rd week of July 2015 Quarter ending September 30, 2015 - 3rd week of October 2015 Quarter ending December 31, 2015 - 3rd week of January 2016 For the year ending March 31, 2016 - 4th week of April 2016
Listing on Stock Exchanges	The Bombay Stock Exchange, Corporate Relationship Department, 1st Floor, New Trading Ring, Routunda Building, PJ Towers, Dalal Street, Fort Mumbai -400 001 National Stock Exchange of India Limited, Exchange Plaza, 5th Floor, Plot No.C/1, G Block, Bandra – Kurla Complex, Bandra (E), Mumbai - 400 051
Listing fee	The Company has paid the initial listing fees to The Bombay Stock Exchange, Mumbai and The National Stock Exchange of India Limited, Mumbai.
ISIN No	INE454M01024 for NSDL and CDSL.
CIN No.	L24129AP2006PLC076238

#### OTHER COMPLIANCES

Your Company, in recent years, undertook a series of initiatives, going beyond regulatory requirements, to ensure excellence in governance and to promote the interests of all stakeholders.

#### Secretarial Standards of Institute of Company Secretaries of India (ICSI)

The Company has been following secretarial practices and standards as laid down in the Secretarial Standards issued by the Institute of Company Secretaries of India, New Delhi, except in relation to compliance of Secretarial Standard - 2, Clause 1.2.6, which provides for listed companies with more than 5,000 shareholders to publish in a newspaper having wide circulation within India, where more than 1,000 members reside an abridged text of the Notice, listing the items of the business of the Meeting.

The Company has consequent to ICSI notifying Secretarial Standards 1 and 2 with effect from July 1, 2015 been in compliance of the same.

## CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF THE COMPANY

We, K Rahul Raju, Managing Director and Sudhir Bhansali, Chief Financial Officer, of Nagarjuna Fertilizers and Chemicals Limited, to the best of our knowledge and belief certify that :

1. We have reviewed the Balance Sheet and Statement of Profit and Loss of the company for the year ended March 31, 2015 and all its schedules and notes on accounts, as well as the Cash Flow Statement.
2. Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made.
3. Based on our knowledge and information, the financial statements, and other financial information included in this report, fairly present in all material respects, the financial condition, results of operations and cash flows of the company as of and for, the periods presented in this report and are in compliance with the existing accounting standards and / or applicable laws and regulations.
4. To the best of our knowledge and information:
  - a. these statements do not contain any materially untrue statement or omit to state a material fact or contains statement that might be misleading.
  - b. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
5. We also certify, that based on our knowledge and the information provided to us, there are no transactions entered into by the company, which are fraudulent or illegal.
6. The company's other certifying officers and we are responsible for establishing and maintaining internal controls and procedures for the Company, and we have evaluated the effectiveness of the company's internal controls and procedures and confirm them to be adequate.
7. The company's other certifying officers and we have disclosed, based on our most recent evaluation of internal controls and systems and have to state
  - a. That there were no deficiencies in the design or operation of internal controls, which we are aware;
  - b. That there have been adequate internal controls in the company.
  - c. That there was no fraud, which we have become aware of and that involves Management or other employees who have a significant role in the company's internal control systems;
  - d. That there were no changes in accounting policies during the year.

Hyderabad  
May 16, 2015

K Rahul Raju  
Managing Director

Sudhir Bhansali  
Chief Financial Officer

## DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE CODE OF CONDUCT AND ETHICS

This is to inform you that the Company adopted a Code of Conduct and Ethics applicable to all the Members of the Board of Directors and Senior Management Personnel of the Company. The details of the Code of Conduct and Ethics are available at the Company's website at [www.nagarjunafertilizers.com](http://www.nagarjunafertilizers.com).

We confirm that the Company has in respect of the financial year ended March 31, 2015 received from all the Members of the Board of Directors and all the Senior Management Personnel of the Company a declaration of compliance with the Code of Conduct and Ethics as applicable to them.

Senior Management Personnel are personnel who are a part of the core management team, comprising personnel one level below the executive directors and including all functional heads as on March 31, 2015.

<b>Hyderabad</b> <b>May 16, 2015</b>	<b>M Ramakanth</b> <b>Company Secretary</b>	<b>K Rahul Raju</b> <b>Managing Director</b>
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## CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of

### Nagarjuna Fertilizers and Chemicals Limited

We have examined the compliance of conditions of Corporate Governance by **Nagarjuna Fertilizers and Chemicals Limited** for the year ended on 31<sup>st</sup> March, 2015, 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 in the manner described in the Guidance Note on Certification of Corporate Governance issued by the Institute of Company Secretaries of India and has been limited to a review of the procedures and implementation thereof adopted by the company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said Clause. 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 our reliance upon the representations made by the management that there were no transactions of material nature with the management or by relatives that may have potential conflict with the interest of the company at large, as stated under Disclosures Column of the Company's Report on Corporate Governance.

The Share Transfer Agent of the Company has certified the number of complaints received from the investors and the number of complaints resolved during the financial year and there are no complaints pending as at the year end as stated under Investor Grievance Redressal Column of the Company's Report on Corporate Governance.

In relation to the Composite Scheme of Arrangement and Amalgamation (as per the Composite Scheme, the Oil Business Undertaking of Erstwhile NFCL was demerged into Nagarjuna Oil Refinery Limited and residual NFCL and Ikisan Limited were merged into Kakinada Fertilizers Limited – now Nagarjuna Fertilizers and Chemicals Limited) approved by the jurisdictional High Courts of Mumbai and Andhra Pradesh, we were informed by the management that the company has approached SEBI Appellate Tribunal for redressal in view of the delays in granting of relaxation (under Rule 19 (2) (b) of the Securities Contracts (Regulation) Rules, 1957) by SEBI. We were further informed in this regard that the Company is also contesting the application of SEBI filed in the High Court of Bombay at Mumbai to recall, set-aside the order dated June 17, 2011 approving the Composite Scheme.

We certify that the company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement except appointing two Independent Directors on its Board as per the Listing Agreement entered with Stock Exchanges.

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 KBG ASSOCIATES  
Company Secretaries

(Srikrishna S Chintalapati)  
Partner  
CP # 6262

Hyderabad  
July 3, 2015

# Management Discussion and Analysis

## The Indian Economic Scenario

During the year gone by, the Indian economy has revived owing to the policies and initiatives of the Government of India. The Gross Domestic Product (GDP) growth, which was going below 5% levels in past two fiscal years has picked up and shown genuine improvement. Growth in the current year, while not spectacular, has moved up firmly into the 5%+ handle. This improvement has come on the back of improved performance in the industrial sector, stable growth in the services sector and a surprisingly resilient agriculture sector.

The Reserve Bank of India has cut interest rates owing to lower inflation thereby easing the pressure on the private sector. Lower rates as well as the government's infrastructure and disinvestment programs is expected to provide a boost to domestic-oriented industries.

Foreign investments have also grown owing to an improvement across most macroeconomic parameters. The more important and stable flows through the Foreign Direct Investment (FDI) route have also picked up as the Government increased the level of permissible investments in some sectors. The capital markets have continued to scale record levels as euphoria has built up on the possible trajectory of the Indian economy.

The Indian economy is expected to grow at a marginally higher rate at 7.5 per cent during the year 2015 compared with 7.2 per cent in 2014.

It has been projected that India is expected to overtake China as the fastest growing emerging economy in 2015-16 by clocking a growth rate of 7.5 per cent, helped by its recent policy initiatives, pick-up in investments and lower oil prices.

The Government's aggressive measures to attract foreign investment and the honorable Prime Minister's call for 'Make in India' program is further expected to give new lease of life to the manufacturing sector in India.

However, the positive measures taken by the Government may be dented in view of the predicted deficient monsoon, various stalled projects in view of the stand off on the Land Acquisition Bill and the overall global economic scenario.

## Agriculture Sector

The agriculture sector continues to play a dominant role in the Indian economy both in terms of contribution to GDP and also provides employment to millions across the country.

Over 70 per cent of the rural households depend on agriculture as their principal means of livelihood. Agriculture, along with fisheries and forestry, accounts for one-third of the nation's GDP and is its single largest contributor.

The Government has taken a number of steps for sustainable development of Agriculture. Enhanced institutional credit to farmers; promotion of scientific warehousing infrastructure including cold storages and cold chains in the country for increasing shelf life of agricultural produce; Improved access to irrigation, provision of Price Stabilisation Fund to mitigate price volatility in agricultural produce; Mission mode

scheme for Soil Health Card; Setting up of Agri-tech Infrastructure fund for making farming competitive and profitable; provision of institutional finance to joint farming Groups, development of indigenous cattle breeds and promoting inland fisheries and other non-farm activities to supplement the income of farmers have been some of the initiatives taken by the government.

The Indian agriculture sector is expected to grow faster in the next few years owing to increase in investment in agricultural infrastructure such as irrigation facilities, warehousing and cold storage. Factors such as reduced transaction costs, time, better port gate management and fiscal incentives will also contribute to this upward trend. Furthermore, the increased use of genetically modified crops, coupled with appropriate use of fertilizers and growing awareness of the use of micro irrigations systems, is also expected to better the yield of the Indian farmers.

However the predicted deficient monsoon is expected to impact the sector negatively. The government has already announced that it is geared to handle any exigencies.

## Fertilizer Sector

The chemical fertilizer sector has played a very significant role in meeting the domestic requirement of food grains and has facilitated in generating exportable surplus. The country has achieved 80% self-sufficiency in production capacity of Urea. As a result, India could manage its substantial requirement of nitrogenous fertilizers through the indigenous industry.

The Government of India has recently come out with several policy decisions which aim to contain subsidy outgo, improving energy efficiency, leveling input costs and preventing diversion of urea from agriculture. It is expected that these policies will have a significant impact on individual fertilizer players and the overall industry in the near future. Some of these measures are enumerated below:

**Gas Pooling** : Government of India, Ministry of Petroleum and Natural Gas notified in May,2015 Guidelines for Pooling of Gas in Fertilizer (Urea) Sector effective from 1<sup>st</sup> July,2015 in pursuance of the approval in March 2015 of the Cabinet Committee on Economic Affairs(CCEA). The domestic gas will be pooled with the Re-gasified Liquefied Natural Gas (R-LNG) to provide natural gas at uniform delivered price to all Natural Gas Grid connected Urea manufacturing plants for the purpose of manufacturing of urea. The Gas pooling policy of the government for the Urea sector alters the dynamics of the urea industry by leveling gas costs for all gas-based unit and mixed impact on the industry positive for some units and negative for some.

Gas pooling would overall help the urea industry as it would provide a common gas price base to the industry as natural gas accounts for ~75-80% of the cost of production of urea. This would also facilitate the industry to increase production levels, while reducing overall cost of urea. With the gas pooling policy all gas based urea units are expected to receive full requirement of gas and produce to their maximum level production.

It will however increase the cost of production for the company apart for requiring higher Working Capital limits.

**New Urea Policy 2015:** Government of India, Ministry of Chemicals and Fertilizers notified New Urea Policy 2015 (NUP 2015) in May 2015 for existing gas based urea manufacturing units. NUP (2015) will be effective from June 2015 to March 2019 replacing existing modified NBS III and New Investment Policy 2008. The policy has two major changes, tighter energy consumption norms and change in formula for computing fixed cost beyond reassessed capacity. Under NUP-2015, for production beyond the Re-Assessed Capacity (RAC), the units will be entitled for their respective variable cost and a uniform per MT incentive equal to the lowest of the per MT fixed costs of the all the indigenous urea units (currently at ₹2300 / MT) subject to import parity price plus weighted average of other incidental charges which the Government incurs on the imported urea.

The Government will reimburse urea manufacturers based on new energy efficiency norms and loss in energy savings for urea manufacture will translate into gain for the Government. As the production beyond RAC is link to landed cost of urea imports on Government account, the Government benefits in both scenarios of higher and lower landed cost of imported urea than the indigenous urea cost of production. The policy will benefit the Government as overall subsidy outgo is expected to reduce.

**Neem coated urea:** The Government of India has decided in May 2015 to make it mandatory for all indigenous urea producers to produce 100% of the total production of subsidized urea as Neem coated urea. Neem coating of urea is environmental friendly as it leads to more gradual release of urea, helping plants gain more nutrients and resulting in higher yields, apart from lower underground water contamination due to leaching of urea. It is also expected that profitability of farmers and the industry will increase in view of usage of neem coated urea. It will also reduce subsidy out go of the government.

Your Company believes that the recent policy intervention and measures taken by the Government would augur well for the industry and is a step towards decontrol urea under the ambit of nutrient based subsidy (NBS) scheme for urea over the medium and long term.

#### **Company's strengths and opportunities**

Your Company's main strength lies in an excellent track record of project execution, achieving high production levels and safety and energy efficiency. It has the twin advantages of having the raw material and the market at its door step. However your Company is looking for new opportunities to further enhance its revenue streams and as such is exploring various avenues both in India and abroad.

#### **Threats and concerns**

Your Company's main product continues to be under the regulatory regime and this continues to affect your Company adversely. Inadequate availability of gas is also another major concern that is effecting the profitability of the Company.

Owing to the blast in gas pipeline of GAIL on June 27, 2014 and the resultant non- supply of gas, your Company's plants were shut down till August 16, 2014. The production was restored in a phased manner based on restoration of supply of gas by GAIL. Due to inadequate supply of gas for most part of the year coupled with delayed receipt of subsidy from Government of India, leading to delayed repayment of term loans and

increase in interest cost, your Company is facing severe financial setbacks leading to shortage of working capital and has registered a loss of ₹366.62 Crores. Your Company is taking corrective steps by discussing with its lenders and is hopeful of bringing stability to the funds position of the Company.

#### **Outlook/ Future plans**

Your Company is exploring various growth opportunities to enhance its revenue streams and in this regard is looking at various projects both in India and abroad.

#### **Internal control and Risk Management**

Your Company has adequate internal control systems in place commensurate with the size of the Company. Your Company has a structured internal audit and risk management framework which encompasses the entire operations of the Company- plant, marketing, finance, and other services sector.

The Company has a web based legal compliance management system which covers the corporate office, plant office, MI division and all the marketing offices. The system provides for close monitoring of the various statutory compliances and checks and balances are built in into the system.

#### **Financial Performance vis a vis Operational Performance**

##### **Plant Operations**

###### **Urea**

Your Company during the year manufactured 9.32 LMT of urea as against 14.28 LMT in the previous year.

The reduction in the production during the year compared to previous year was due to shortage / non- supply of natural gas to the Company.

###### **Micro-Irrigation**

Your Company achieved a production of 1,547 Lakh Mtrs against 1,738 Lakh Mtrs during the previous year.

##### **Customized Fertilizers**

Customized Fertilizers production and sale was restricted on account of difficult market conditions during the year.

##### **Marketing**

###### **Urea**

Your Company achieved a sale of manufactured urea of 9.33 LMT compared to 14.60 LMT in the previous year.

The total urea sales for both manufactured and imported was 22.35 LMT compared to 31.45 LMT of previous year.

##### **Other Traded Products**

###### **Bulk Products**

Your Company did not sell any bulk product during the year, in comparison with sales of 1,34,303 MTS during the previous year.

###### **Specialty Fertilizers**

Your Company sold ₹114.22 crs of Specialty Fertilizers during the year, in comparison with sales of ₹81.33 crs during the previous year

#### **Micro-nutrients**

Your Company sold ₹177.26 crs of Micro-nutrients during the year, in comparison with sales of ₹66.57 crs during the previous year.

#### **Financial performance**

The Loss after tax for the year was ₹366.62 Crores against loss after tax of ₹239.11 Crores for the previous year. The main contributors to the loss was on account of non-availability and inadequate availability of Natural Gas, impairment loss on Wind Turbine Generator, provision made for investment in and advances to foreign subsidiary and charge off towards viability study of the Kakinada Phase III project.

Your Company during the year ended March 31, 2015 continued to face severe working capital / liquidity mismatches.

During the year, Plant I & II were non functional for 45 days and Plant I alone was non functional for 125 days due to non availability of gas from RIL & GAIL. The problems were further compounded by delay in receipt of Subsidy from Gol.

Your Company has incurred a loss of ₹366.62 crs during the year under review due to reasons beyond the control of the Management such as foreign exchange loss and non availability of natural gas.

#### **Human Resources and industrial relations**

Your Company during the previous year continued to have good industrial relations with all its employees at all levels. Your Company's constant endeavour has been to attract, retain and nurture human talent by developing a strong culture of human values and encourage its employees to realize their individual goals which are in consonance with organizational goals. Various initiatives are taken to impart training and development activities so that employees are prepared to take up new challenges for their own development and also for the overall well being of the Company. As of July 30, 2014 the Company has 1658 employees on the rolls of the Company.

## INDEPENDENT AUDITORS' REPORT

To

The Members of  
Nagarjuna Fertilizers and Chemicals Limited

### Report on the Standalone Financial Statements

We have audited the accompanying Standalone financial statements of Nagarjuna Fertilizers and Chemicals Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal

financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015 and its loss and its cash flows for the year ended on that date.

### Emphasis of Matter

Attention is invited to following notes to the standalone financial statements:

- a) Note No 14.1 regarding non provision for diminution, if any in respect of investments in one of the subsidiaries based on the management assessment.
- b) Note No 20.1 regarding accounting of subsidy under Group Concession Scheme based on the latest notified rate under NPS III with adjustment of input price escalation as detailed in the said note.
- c) Note No 25.1 regarding Managerial remuneration for the year 2013-2014 and 2014-2015, the Company is in the process of obtaining approval from the Central Government.

Our opinion is not modified in respect of above matters.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) 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.
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- (e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of all pending litigations on its financial position in its standalone financial statements – refer Note 30.1 to the standalone financial statements.
  - ii. The Company did not have any material foreseeable losses relating to long-term contracts including derivative contracts.
  - iii. The Company has been regular in transferring amounts to the Investors Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder within time.

**for M. Bhaskara Rao & Co.,**  
Chartered Accountants  
Firm Registration No. 000459S

Hyderabad  
May 16, 2015

**M V Ramana Murthy**  
Partner  
Membership No. 206439

## Annexure to the Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) According to the information and explanation given to us, the fixed assets have been physically verified by the Management in accordance with a programme of verification, which, in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. According to the information and explanations given to us, the discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
- (ii) In respect of its inventories:
  - (a) Physical verification of inventories at plants and warehouses has been conducted by the management at reasonable intervals during the year. In our opinion, having regard to the nature of business and location of stocks, the frequency of verification is reasonable.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion, the Company is maintaining proper records of inventories. According to the information and explanations given to us, the discrepancies noticed on verification between the physical stocks and the book records were not material in relation to the operations of the Company and same have been properly dealt in the books of account.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013. Accordingly, clause (b) paragraph 4(iii) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services and during the course of our audit we have not observed any major weaknesses in such internal control system.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Accordingly, the provisions of para 4(v) of the Order are not applicable to the Company.

- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Sales Tax, Income-tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.
  - There were no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Cess which have not been deposited as on March 31, 2015 on account of any dispute.
  - The Company has been regular in transferring amounts to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made there under within time.
- (viii) The Company's accumulated losses at the end of the financial year is less than fifty percent of its networth. The Company has incurred cash loss during the current financial year covered by our audit and also in the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in payment of instalments and interest dues to banks, financial institutions and debenture holders except in respect of following dues including overdues as at the year-end:

- (x) According to the information and explanations given to us, the Company during the year has not given any guarantee for loans taken by others from banks and financial institutions.
- (xi) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained.
- (xii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

for **M. Bhaskara Rao & Co.**,  
Chartered Accountants  
Firm Registration No. 0004595

Hyderabad,  
May 16, 2015

**M V Ramana Murthy**  
Partner  
Membership No. 206439

Particulars	₹ Lakhs	Default Period
<b>Dues to debenture holders</b>		
Banks	1,470.70	1 to 8 days
Financial institutions	743.18	1 to 14 days
<b>Dues to term loans</b>		
Banks	4,766.97	1 to 38 days
Financial institutions	494.53	1 to 23 days
<b>Interest to debenture holders</b>		
Banks	140.62	1 to 11 days
Financial institutions	107.60	1 to 3 days
<b>Interest to term loans</b>		
Banks	725.20	1 to 60 days
Financial institutions	69.85	1 to 3 days

## Balance Sheet As At March 31, 2015

₹ in Lakhs

Particulars	Note	As At March 31, 2015		As At March 31, 2014	
<b>I. EQUITY AND LIABILITIES</b>					
<b>Shareholders' Funds</b>					
(a) Share Capital	4	5,980.65		5,980.65	
(b) Reserves and Surplus	5	1,64,596.25	1,70,576.90	2,08,659.45	2,14,640.10
<b>Non-Current Liabilities</b>					
(a) Long-Term Borrowings	6	18,885.21		19,177.37	
(b) Deferred Tax Liabilities (Net)	7	8,446.27		8,509.11	
(c) Other Long Term Liabilities	8	5,279.30		14,506.12	
(d) Long-Term Provisions	9	374.48	32,985.26	2,041.51	44,234.11
<b>Current Liabilities</b>					
(a) Short-Term Borrowings	10	1,00,259.24		1,21,453.71	
(b) Trade Payables	11	1,01,225.41		87,749.75	
(c) Other Current Liabilities	12	24,082.46		20,803.50	
(d) Short-Term Provisions	9	297.57	2,25,864.68	3,636.79	2,33,643.75
<b>Total</b>			<b>4,29,426.84</b>		<b>4,92,517.96</b>
<b>II. ASSETS</b>					
<b>Non-Current Assets</b>					
(a) Fixed Assets	13				
(i) Tangible Assets		2,83,236.11		2,98,735.13	
(ii) Intangible Assets		2,948.40		3,439.80	
(iii) Capital work-in-progress		307.47		3,012.49	
(b) Non-Current Investments	14	2,615.53		5,293.67	
(c) Long-Term Loans and Advances	15	1,808.32		1,924.35	
(d) Other Non-Current Assets	19	28.47	2,90,944.30	35.74	3,12,441.18
<b>Current Assets</b>					
(a) Inventories	16	16,480.42		25,120.84	
(b) Trade Receivables	17	1,07,036.97		1,32,952.92	
(c) Cash and Bank balances	18	7,779.36		9,300.71	
(d) Short-Term Loans and Advances	15	6,934.81		12,337.34	
(e) Other Current Assets	19	250.98	1,38,482.54	364.97	1,80,076.78
<b>Total</b>			<b>4,29,426.84</b>		<b>4,92,517.96</b>
<b>Corporate Information and Significant Accounting Policies</b>	<b>1 &amp; 2</b>				

Accompanying Notes form an integral part of the Financial Statements  
As per our report of even date attached

For and on behalf of the Board

for **M. Bhaskara Rao & Co.,**  
Chartered Accountants

**K S Raju**  
Chairman

**Chandra Pal Singh Yadav**  
**D. Ranga Raju**  
**M P Radhakrishnan**  
**Dr. NCB Nath**  
**Pawan Kumar**  
**S R Ramakrishnan**  
**Shailendra Govind Nadkarni**  
**Yogesh Rastogi**  
Directors

**M. V. Ramana Murthy**  
Partner

**K Rahul Raju**  
Managing Director

Hyderabad  
May 16, 2015

**M Ramakanth**  
Company Secretary

**Sudhir Bhansali**  
Chief Financial Officer

## Statement of Profit and Loss for the year ended March 31, 2015

₹ in Lakhs

Particulars	Note	2014-15		2013-14	
<b>Income</b>					
Revenue from operations					
Sale of Products (including Subsidy)		2,52,675.49		3,44,451.88	
Sale of Services		805.83		999.70	
Other Operating Revenues		264.76		249.25	
	<b>20</b>	2,53,746.08		3,45,700.83	
Less: Excise Duty		593.80	2,53,152.28	857.70	3,44,843.13
Other Income	<b>21</b>		4,099.43		3,228.96
<b>Total</b>			<b>2,57,251.71</b>		<b>3,48,072.09</b>
<b>Expenses</b>					
Cost of materials consumed	<b>22</b>		59,862.55		71,379.86
Power and Fuel			39,745.60		47,953.39
Purchase of Traded Products	<b>23</b>		1,06,685.24		1,44,382.62
(Increase) / Decrease in Stock	<b>24</b>		(5,038.02)		1,339.85
Employee Benefits Expense	<b>25</b>		13,773.03		13,688.62
Finance Cost	<b>26</b>		23,645.80		28,174.45
Depreciation and Amortization	<b>13</b>		9,343.89		12,614.70
Other Expenses	<b>27</b>		32,337.59		40,948.55
<b>Total</b>			<b>2,80,355.68</b>		<b>3,60,482.04</b>
<b>Loss before exceptional items, Extra-ordinary items and tax</b>			<b>(23,103.97)</b>		<b>(12,409.95)</b>
Exceptional Items	<b>29.1</b>		4,344.36		20,561.40
<b>Loss before extraordinary items and tax</b>			<b>(27,448.33)</b>		<b>(32,971.35)</b>
Extraordinary items	<b>29.2</b>		8,715.07		-
<b>Loss before tax</b>			<b>(36,163.40)</b>		<b>(32,971.35)</b>
<b>Tax Expense</b>					
(a) Current Tax			-		-
(b) Adjustments relating to earlier years			-		1,631.39
(c) Deferred Tax	<b>7</b>		499.20		(10,691.79)
<b>Loss after Tax</b>			<b>(36,662.60)</b>		<b>(23,910.95)</b>
<b>Earnings per equity share of face value of ₹ 1/- each</b>					
Basic and diluted	<b>33</b>		(6.13)		(4.00)
<b>Corporate Information and Significant Accounting Policies</b>	<b>1 &amp; 2</b>				

Accompanying Notes form an integral part of the Financial Statements

As per our report of even date attached

for **M. Bhaskara Rao & Co.,**  
Chartered Accountants

**M. V. Ramana Murthy**  
Partner

Hyderabad  
May 16, 2015

**K S Raju**  
Chairman

**M Ramakanth**  
Company Secretary

For and on behalf of the Board

**Chandra Pal Singh Yadav**  
**D. Ranga Raju**  
**M P Radhakrishnan**  
**Dr. NCB Nath**  
**Pawan Kumar**  
**S R Ramakrishnan**  
**Shailendra Govind Nadkarni**  
**Yogesh Rastogi**  
Directors

**Sudhir Bhansali**  
Chief Financial Officer

**K Rahul Raju**  
Managing Director

## Cash Flow Statement for the year ended March 31, 2015

₹ in Lakhs

Particulars	2014-15	2013-14
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax	(36,163.40)	(32,971.35)
<b>Adjustments:</b>		
Depreciation/Amortisation	9,343.89	12,614.70
Provision for Impairment	3,184.62	-
Provision for Doubtful Debts / Advances	3,694.90	-
Finance Cost	23,645.80	28,174.45
Provision for Diminution in value of Investments	2,678.14	17.50
Exchange Fluctuations	300.47	-
(Profit) /Loss on sale of assets / assets discarded/assets decapitalised	1,684.09	471.15
<b>Operating Profit before working capital changes</b>	<b>8,368.51</b>	<b>8,306.45</b>
<b>Movements in working capital:</b>		
Increase/(decrease) in trade payables	2,840.61	85,078.86
Increase/(decrease) in long term provisions	(1,667.03)	176.23
Increase/(decrease) in short term provisions	273.27	61.12
Increase/(decrease) in other current liabilities	1,288.95	(497.75)
Increase/(decrease) in other long term liabilities	130.76	549.70
Decrease/(increase) in trade receivables	25,435.47	1,10,948.05
Decrease/(increase) in inventories	8,640.42	(789.84)
Decrease/(increase) in long term loans and advances	(496.09)	(190.61)
Decrease/(increase) in short term loans and advances	2,188.10	(7,658.00)
Decrease/(increase) in other current assets	113.99	673.16
<b>Cash generated from/(used in) operations</b>	<b>47,116.96</b>	<b>1,96,657.37</b>
Direct Taxes Paid (net of refunds)	(3,612.49)	(47.93)
<b>Net cash flow from operating activities</b>	<b>43,504.47</b>	<b>1,96,609.44</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets and CWIP	(2,252.88)	(6,581.06)
Margin Money Deposits	(1,643.85)	12,578.30
Proceeds from Sale of fixed assets	21.73	21.65
<b>Net cash flow from / (used) in investing activities</b>	<b>(3,875.00)</b>	<b>6,018.89</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long term borrowings	5,000.00	1,375.38
Increase/(decrease) in Buyers/Suppliers credit	(11,195.95)	(1,67,259.22)
Repayment of long term borrowings	(13,990.00)	(17,070.10)
Finance Costs paid	(22,612.90)	(30,720.82)
Dividend Paid	(3.09)	(5.71)
<b>Net cash flow used in financing activities</b>	<b>(42,801.94)</b>	<b>(2,13,680.47)</b>
<b>Net Increase/(decrease) in cash and Cash equivalents</b>	<b>(3,172.47)</b>	<b>(11,052.14)</b>
<b>Cash and cash equivalents as at beginning of the year</b>	<b>6,455.12</b>	<b>17,507.26</b>
<b>Cash and cash equivalents as at end of the year</b>	<b>3,282.65</b>	<b>6,455.12</b>

Accompanying Notes form an integral part of the Financial Statements

for **M. Bhaskara Rao & Co.,**  
Chartered Accountants

**K S Raju**  
Chairman

**Chandra Pal Singh Yadav**  
**D. Ranga Raju**  
**M P Radhakrishnan**  
**Dr. NCB Nath**  
**Pawan Kumar**  
**S R Ramakrishnan**  
**Shailendra Govind Nadkarni**  
**Yogesh Rastogi**  
Directors

**M. V. Ramana Murthy**  
Partner

Hyderabad  
May 16, 2015

**M Ramakanth**  
Company Secretary

**Sudhir Bhansali**  
Chief Financial Officer

**K Rahul Raju**  
Managing Director

## Notes forming part of the financial statements for the year ended March 31, 2015

### 1 Corporate Information

Kakinada Fertilizers Limited (KFL), was incorporated as a wholly owned subsidiary to Nagarjuna Fertilizers and Chemicals Limited (erstwhile NFCL) in 2009-10 to manufacture, market fertilizers and allied agri inputs. Through a Composite Scheme of Arrangement and Amalgamation (the Scheme), KFL acquired the residual business of erstwhile NFCL and the business of Ikisan Limited effective from April 01, 2011. KFL changed its name to Nagarjuna Fertilizers and Chemicals Limited w.e.f August 19, 2011 as per the Scheme. The financial statements presented herewith for the year ended on March 31, 2015 relates to the combined operations of the Company's Fertilizer, Micro Irrigation, Agri Informatic Services and Wind Energy generation businesses. The Financial statements include operations of branches at Kenya and Singapore.

### 2 Significant Accounting Policies

#### 2.1. Basis of preparation:

The financial statements of the Company are prepared on accrual basis, under historical cost convention. The Financial Statements of the Company have been prepared in accordance with G.A.A.P in India ("Indian GAAP") to comply with accounting standards specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the Act/ the Companies Act, 1956, as applicable.

The accounting policies adopted in the preparation of financial statements are consistent with those of the preceding year.

#### 2.2. Use of Estimates:

The preparation of the financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

#### 2.3. Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

#### 2.4. Operating Cycle:

The Company has adopted its normal operating cycle as twelve months based on the nature of products and the time between the acquisition of assets for processing and their realisation, for the purpose of current / non-current classification of assets and liabilities.

#### 2.5. Fixed Assets:

**2.5.1. Tangible Assets:** Fixed assets are carried at cost of acquisition or construction less accumulated depreciation. The cost includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take substantial period of time to get ready for their intended use are capitalised.

**2.5.2. Intangible Assets:** The cost of intangible assets acquired in an Amalgamation in the nature of purchase is stated at fair value as at the date of amalgamation. Following initial recognition, intangible assets are carried at cost as reduced by accumulated amortization and accumulated impairment, if any.

## Notes forming part of the financial statements for the year ended March 31, 2015

### 2.6. Impairment of Assets:

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

### 2.7. Depreciation on Fixed Assets:

**2.7.1.** Depreciable amount of assets is the cost of an asset, or other amount substituted for cost less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight line method as per the useful lives prescribed in Schedule II to the Act except in respect of following category of assets, in whose case the life of the assets has been assessed based on technical assessment, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, adopted technological changes, maintenance etc.,

Sl. No.	Description	Useful life as per Schedule II of Companies Act 2013	Useful life adopted by the Company
1	Continuous Process Plants	25 years	37 years

**2.7.2.** Intangible assets are amortized over a period of ten years on straight line basis.

### 2.8. Investments :

Investments are classified as Non Current and Current. Non Current Investments are carried at cost less provision for other than temporary diminution, if any, in value of such investments. Current investments are carried at lower of cost and fair value.

### 2.9. Foreign Currency Transactions:

Foreign currency transactions are accounted at the exchange rates prevailing on the date of transaction. Gains and Losses resulting from settlement of such transactions are recognised in the Statement of Profit and Loss.

Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end rates. The difference in translation of monetary assets and liabilities and realized gains and losses on foreign currency transactions are recognised in the Statement of Profit and Loss. Premium or discount arising on forward exchange contracts is recognized in the Statement of Profit and Loss.

Liabilities related to foreign currency transactions incurred to acquire fixed assets remaining unsettled at the end of the year are translated at year end rates. The difference arising on such translation and realized gain or loss is adjusted to the cost of respective fixed asset.

Foreign branches are classified as integral foreign operations. Assets and Liabilities (both monetary and non monetary) are translated at the closing rate at the year end. Income and Expenses are translated at the monthly average rate at the end of the respective month.

The difference in translation of monetary assets and liabilities forms part of an enterprise's net investment in a non-integral foreign operations i.e. Subsidiaries/Associates and realized gains and losses on foreign currency transactions, are accumulated in a separate account 'Foreign Currency Translation Reserve' till the disposal of the Investment.

### 2.10. Borrowing Costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time i.e. more than twelve months to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss.

## Notes forming part of the financial statements for the year ended March 31, 2015

### 2.11. Revenue Recognition:

**Subsidy:** Group Concession Price under Group Concession Scheme (GCS) and Equated Freight are recognized in accordance with the norms prescribed by the Government of India – Fertiliser Industry Co-ordination Committee.

**Sale of goods:** The Company recognises revenue on sale of products, net of discounts and applicable Taxes i.e., VAT, Sales Tax, CST etc., when the product is shipped to customer i.e., when the risks and rewards of ownership are passed on to the customer.

**Income from services:** The Company recognises income from services, net of service tax, towards supply of manpower in terms of the respective contracts.

### 2.12. Grants in Aid:

Grants in Aid received towards meeting revenue expenditure are treated as other income and Grants in Aid received in respect of capital assets are adjusted to cost of respective asset in the relevant financial year.

### 2.13. Inventories:

The method of valuation of inventories:

#### 2.13.1. Manufactured Products:

- a) Finished goods - at lower of cost and net realisable value.
- b) Work in process - at cost.

Cost - includes material cost, labour, factory overheads and depreciation.

Net realisable value in the case of Urea –

- the Group Concession Price notified by the Government of India in respect of finished goods lying at the factory, and
- the net sale price in respect of finished goods lying in the warehouses outside the factory.

#### 2.13.2. Traded products - at lower of cost and net realisable value.

**2.13.3.** Other finished goods, work-in-process, raw materials, stores, spares, packing material and loose tools - at weighted average cost, less provision for depletion in value, if any.

### 2.14. Employee Benefits:

Liability for employee benefits, both short and long term, for present and past services which are due as per the terms of employment are recorded in accordance with Accounting Standard (AS) 15 "Employee Benefits".

**2.14.1. Gratuity:** In accordance with the Payment of Gratuity Act, 1972 the Company provides for gratuity covering eligible Employees. The liability towards gratuity is provided on the basis of valuation by an independent actuary as at the year end. Liability on account of gratuity is covered by a policy with Life Insurance Corporation ('LIC').

**2.14.2. Superannuation:** The Company makes monthly contribution to an approved superannuation fund covered by a policy with LIC of India. The Company has no further obligation beyond the monthly contribution.

**2.14.3. Compensated Absences:** Liability for compensated absence is treated as a long term liability and is provided on the basis of valuation by an independent actuary as at the year end. Liability on account of compensated absences is covered by a policy with Life Insurance Corporation ('LIC').

**2.14.4. Provident Fund:** The Company's Contribution towards provident fund, administered and managed by an approved trust, is charged to the Statement of Profit and Loss.

### 2.15. Research and Development:

Expenditure relating to capital items is treated as fixed assets and depreciated at applicable rates. Revenue expenditure is charged to Statement of Profit and Loss in the year in which they are incurred.

## Notes forming part of the financial statements for the year ended March 31, 2015

### 2.16. Leases:

The Company's leasing arrangements are mainly in respect of operating leases for premises. The leasing arrangements range from 11 months to 5 years generally and are cancellable / renewable by mutual consent on agreed terms. The aggregate lease rents payable are charged as rent in the Statement of Profit and Loss.

### 2.17. Taxes:

**2.17.1. Current Tax:** Provision for current tax is made based on the taxable income computed for the year under the Income Tax Act, 1961.

**2.17.2. Deferred Taxes:** Deferred tax is recognised on timing differences, being the difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets are reviewed at each balance sheet date for their realisability.

### 2.18. Earnings Per Share:

Basic earnings per equity share is computed by dividing the net profit for the year attributable to the Equity Shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit for the year, adjusted for the effects of dilutive potential equity shares, attributable to the Equity Shareholders by the weighted average number of the equity shares and dilutive potential equity shares outstanding during the year except where the results are anti-dilutive.

### 2.19. Provisions, Contingent Liabilities and Contingent Assets:

The Company recognises provisions when there is present obligation as a result of past event and it is probable that there will be an outflow of resources and reliable estimate can be made of the amount of the obligation. A disclosure for Contingent liabilities is made when there is a possible obligation or present obligations that may, but probably will not, require an outflow of resources. Contingent assets are neither recognised nor disclosed in the financial statements.

## 3 Composite Scheme of Arrangement and Amalgamation:

The jurisdictional High Courts of Bombay and Andhra Pradesh had approved the Composite Scheme of Arrangement and Amalgamation between the Company, erstwhile Nagarjuna Fertilizers and Chemicals Limited and Nagarjuna Oil Refinery Limited and Iksan Limited and their respective shareholders and creditors ('the Scheme') as per the provisions of Sections 391 – 394 and other relevant provisions of the Companies Act, 1956 on June 17, 2011 and June 27, 2011 respectively. The Scheme was made effective on July 30, 2011 but operative from Appointed Date, i.e. April 1, 2011.

Consequent to Scheme becoming effective, the financial statements for the subsequent years have been drawn up incorporating the necessary adjustments as envisaged in the Scheme.

The Bombay Stock Exchange vide letter dated December 14, 2011 approved the application of the Company for listing of the equity shares and the National Stock Exchange vide letter dated January 13, 2012 accorded in-principle approval for listing of the equity shares. These approvals are subject to relaxation by Securities and Exchange Board of India (SEBI) from requirements under Rule 19(2)(b) of Securities Contracts (Regulation) Rules, 1957.

An application has been filed by SEBI in the High Court of Bombay at Mumbai to recall / review and / or set aside the order dated June 17, 2011 and Order dated July 22, 2011 of the High Court of Bombay at Mumbai. The Company is contesting the application, the matter is sub-judice and the High Court of Bombay at Mumbai is hearing the matter.

The Company, in view of the prolonged delay by SEBI, has filed an Application before Securities Appellate Tribunal (SAT) to direct SEBI to grant relaxation / waiver of Rule 19(2)(b) of Securities Contract (Regulation) Rules, 1957.

Adjustments, if any, required to the financial statements will be made on final resolution of this matter.

## Notes forming part of the financial statements for the year ended March 31, 2015

### 4. Share Capital:

Particulars	March 31, 2015		March 31, 2014	
	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
<b>Authorised</b>				
Equity Shares of ₹1/- each	6,21,00,00,000	62,100.00	6,21,00,00,000	62,100.00
Preference Shares of ₹1/- each	1,80,00,00,000	18,000.00	1,80,00,00,000	18,000.00
<b>Issued, Subscribed and Paid Up</b>				
Equity Shares of ₹1/- each	59,80,65,003	5,980.65	59,80,65,003	5,980.65

#### 4.1. Reconciliation of the Number of shares outstanding at the beginning and at the end of the reporting year.

Particulars	March 31, 2015		March 31, 2014	
	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
<b>Equity Shares of ₹ 1/- each</b>				
Balance at the beginning of the year	59,80,65,003	5,980.65	59,80,65,003	5,980.65
Add: On allotment during the year	-	-	-	-
Balance at the end of the year	<b>59,80,65,003</b>	<b>5,980.65</b>	<b>59,80,65,003</b>	<b>5,980.65</b>

#### 4.2. Rights, Preferences and Restrictions attached to equity shares

The Company has only one class of equity shares having a par value of ₹1/- per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### 4.3. Details of shareholders holding more than 5% of the Shares

Particulars	March 31, 2015		March 31, 2014	
	No. of shares	% of holding	No. of shares	% of holding
<b>Equity Shares of ₹ 1/- each</b>				
Amlika Mercantile Private Limited (Refer Note 4.3.1)	12,70,68,520	21.25	12,70,68,520	21.25
Nagarjuna Management Services Private Limited (Refer Note 4.3.1.1)	7,85,92,592	13.14	7,85,92,592	13.14
Nagarjuna Holdings Private Limited (Refer Note 4.3.1.1)	3,46,26,130	5.79	3,46,26,130	5.79
Zuari Global Limited	3,22,67,741	5.40	3,22,67,741	5.40
Baron Properties Private Limited (Refer Note 4.3.1.1)	1,82,98,969	3.06	1,82,98,969	3.06
White Stream Properties Private Limited (Refer Note 4.3.1.1)	30,19,060	0.50	30,19,060	0.50
Nagarjuna Staff Betterment Company Private Limited (Refer Note 4.3.1.2)	87,23,277	1.46	87,23,277	1.46
NFCL Employees Welfare Trust (Refer Note 4.3.2)	2,57,43,525	4.30	-	-

**4.3.1.** The Company has received disclosure from Amlika Mercantile Private Limited (Amlika) informing of amalgamation of Nagarjuna Corporation Limited (NCL) pursuant to a Scheme of Amalgamation approved by the Hon'ble High Court of Bombay at Mumbai on May 2, 2014 which was made effective on June 19, 2014.

Pursuant to the amalgamation, following shares held by NCL shall stand/vest in Amlika.

**4.3.1.1.** Shares held by Nagarjuna Management Services Private Limited, Nagarjuna Holdings Private Limited, Baron Properties Private Limited and White Stream Properties Limited shall stand transferred and vested in Amlika (erstwhile NCL) pursuant to a Composite Scheme of Arrangement and Amalgamation approved by the Hon'ble High Court of Bombay at Mumbai on September 14, 2012.

**4.3.1.2.** Shares held by Nagarjuna Staff Betterment Company Private Limited (NSB) shall stand transferred and vested in Amlika (erstwhile NCL) pursuant to a Scheme of Amalgamation between NCL and NSB which was approved by the

## Notes forming part of the financial statements for the year ended March 31, 2015

Hon'ble High Court of Bombay at Mumbai on March 22, 2012.

**4.3.2.** The Company has received disclosure dated July 23, 2014 from Amlika that it had acquired 2,57,43,525 equity shares from NFCL Employees Welfare Trust.

**4.3.3.** As at the year end, shares totalling to 29,60,72,073 shares i.e. 49.50% shall be held/ vest in Amlika.

### 4.4. Aggregate number of shares issued for consideration other than cash

59,80,65,003 equity shares of ₹1/- each (aggregating to ₹5,980.65 Lakhs) were allotted as fully paid up pursuant to a Composite Scheme of Arrangement and Amalgamation during the year 2011-12.

### 5. Reserves and Surplus:

Particulars	₹ in Lakhs	
	March 31, 2015	March 31, 2014
<b>Capital Reserve</b>		
Opening Balance	90,843.26	90,843.26
<b>Securities Premium Account</b>		
Opening Balance	1,09,619.35	1,09,619.35
<b>Foreign Currency Translation Reserve</b>		
Opening Balance	573.63	25.04
Add: Effect of Foreign exchange variation during the year	(636.53)	548.59
Closing Balance	(62.90)	573.63
<b>Debenture Redemption Reserve (Refer Note 6.1.2.2)</b>		
Opening Balance	2,087.99	3,194.94
Less: Transfer to General Reserve	-	1,106.95
Closing Balance	2,087.99	2,087.99
<b>General Reserve</b>		
Opening Balance	18,055.80	16,948.85
Add: Transfer from Debenture Redemption Reserve	-	1,106.95
Less: Depreciation adjustment (Refer Note 13.2)	6,764.07	-
(Net of Deferred Tax ₹562.05 Lakhs)		
Closing Balance	11,291.73	18,055.80
<b>Surplus/ (Deficit) in Statement of Profit and Loss</b>		
Opening Balance	(12,520.58)	11,390.32
Add: Loss after tax for the year	(36,662.60)	(23,910.90)
Closing Balance	(49,183.18)	(12,520.58)
<b>Total</b>	<b>1,64,596.25</b>	<b>2,08,659.45</b>

## Notes forming part of the financial statements for the year ended March 31, 2015

### 6. Long Term Borrowings:

₹ in Lakhs

Particulars	Non Current		Current	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
<b>A Non Convertible Debentures of ₹ 100/- each (Secured) (Refer Note 6.1.1)</b>				
1,53,30,000 Debentures 15% Redeemable Non-convertible of ₹100/- each	-	2,715.17	2,715.17	2,941.44
30,00,000 Debentures 14.5% Redeemable Non-convertible of ₹100/- each	-	360.00	360.00	390.00
80,00,000 Debentures 15% Redeemable Non-convertible of ₹100/- each	-	264.02	264.02	381.36
25,00,000 Debentures 15% Redeemable Non-convertible of ₹100/- each	-	225.00	225.00	325.00
30,00,000 Debentures 13.25% Redeemable Non-convertible of ₹100/- each	-	360.00	360.00	390.00
<b>B Non Convertible Debentures of ₹ 1/- each (Secured) (Refer Note 6.1.2)</b>				
92,43,91,006 Debentures 10.25% Redeemable Non-convertible of ₹1/- each	6,162.61	-	3,081.30	-
	<b>6,162.61</b>	<b>3,924.19</b>	<b>7,005.49</b>	<b>4,427.80</b>
<b>Term Loans (Secured)</b>				
From Banks				
In Rupees (Refer Note 6.2)	500.00	4,477.75	3,977.75	8,443.50
In Foreign Currency (Refer Note 6.2 and 6.3)	3,542.20	5,148.70	1,833.30	2,355.45
From Others (Refer Note 6.2 and 6.4)				
In Rupees	552.00	1,742.91	1,194.99	1,471.16
<b>Corporate Loan (Secured)</b>				
From Banks				
In Rupees (Refer Note 6.5)	4,400.00	-	400.00	-
<b>Deferred Payment Liabilities (Unsecured) (Refer Note 6.6)</b>				
Sales tax Deferral	3,728.40	3,883.82	390.71	641.39
<b>Total</b>	<b>18,885.21</b>	<b>19,177.37</b>	<b>14,802.24</b>	<b>17,339.30</b>
<b>The above amount includes:</b>				
Secured Borrowings	15,156.81	15,293.55	14,411.54	16,697.91
Unsecured Borrowings	3,728.40	3,883.82	390.71	641.39
Amount disclosed under the head " Other Current Liabilities " (Refer Note 12)	-	-	(14,802.25)	(17,339.30)
<b>Net Amount</b>	<b>18,885.21</b>	<b>19,177.37</b>	-	-

#### 6.1. Debentures (Secured):

**6.1.1.** The Non convertible Debentures of ₹100/- each together with accrued interest, remuneration and other expenses thereof are secured by a registered mortgage and an exclusive charge on the Company's immovable property situated at Ahmedabad.

Further secured by an equitable mortgage and a charge on the other immovable and movable properties of the Company in favour of the debenture trustees, save and except stock in trade, book debts given as security to banks for obtaining working capital facilities and assets given on lease with exclusive charge in favour of the funding institution.

## Notes forming part of the financial statements for the year ended March 31, 2015

**6.1.1.1.** The details of rate of interest and redemption of debentures are as under.

Bank / Institution	No. of Debentures	Effective Rate of interest %	Repayment Schedule
ICICI Bank Limited	1,53,30,000	lbase +2.25	21 Quarterly Installments commencing from March 2011
LIC of India	30,00,000	11.50	41 Structured Quarterly Installments commencing from March 2006
IFCI Limited	80,00,000	13.50	41 Structured Quarterly Installments commencing from March 2006
IFCI Limited	25,00,000	13.50	41 Structured Quarterly Installments commencing from March 2006
LIC of India	30,00,000	11.50	41 Structured Quarterly Installments commencing from March 2006

**6.1.1.2.** Details of default in repayment of debentures as at the year end are:

Particulars	March 31, 2015		March 31, 2014	
	Period of Default	₹ in Lakhs	Period of Default	₹ in Lakhs
<b>Principal</b>				
ICICI Bank Limited	1 Day	735.36	-	-
IFCI Limited	1 Day	176.59	-	-
LIC of India	1 Day	195.00	-	-
<b>Interest</b>				
ICICI Bank Limited	1-31 Days	61.49	-	-
IFCI Limited	1 Day	20.02	-	-
LIC of India	1 Day	26.74	-	-

**6.1.2.** The Company has issued during the year 1,00,41,00,000 Non Convertible Debentures of ₹ 1/- each to banks and financial institutions towards settlement of recompense amount determined by the Corporate Debt Restructuring - Empowered Group, which are redeemable in 18th, 30th and 42nd months from the date of exit of CDR package i.e., June 20, 2014 being the date of allotment. The Debentures carry an interest rate of 10.25% per annum.

**6.1.2.1. Security:** The above NCD's are secured by subservient charge on the fixed assets of the Company. As at the year end, the Company is in the process of registration of security.

**6.1.2.2.** The Company has not created debenture redemption reserve for the 10.25% Secured Redeemable Non-convertible Non-Cumulative Debentures due to non availability of profits.

### **6.2. Term Loans – In Rupees and in Foreign currency from Banks and Financial institutions:**

**6.2.1.** Term loans from banks and financial institutions, together with interest accrued thereon, are secured by way of:

- a first charge on the fixed assets of the Company ranking pari-passu, inter se, the lenders;
- a second charge on the current assets of the Company; and
- a charge created through an equitable mortgage by deposit of title deeds of certain specified immovable properties of the Company other than those mentioned in Note 6.1.1, 6.3.1, 6.4.1 and 6.5.1.

**6.2.2.** Further secured by pledge of 2,25,61,693 equity shares held in subsidiary company – Jaiprakash Engineering and Steel Company Limited in favour of Banks / Financial Institutions for the term loans availed by the Company.

**6.2.3.** All the Term Loans from Financial Institutions and Banks, Counter Guarantees from banks are guaranteed by Shri K.S.Raju, Chairman of the Company.

**6.2.4.** The details of rate of interest and repayment of Term Loans are as under:

## Notes forming part of the financial statements for the year ended March 31, 2015

₹ in Lakhs

Bank / Institution	Rate of Interest %	Balance as on March 31, 2015	Repayment Schedule		
			Number of Installments	Frequency	Commencing from
<b>Rupee Loans - Bank</b>					
IDBI Bank Limited	BBR +2.25	3,547.75	41	Quarterly	Mar-06
IDBI Bank Limited	12.40	1,500.00	20	Quarterly	Oct - 11
State Bank of India	13.95	895.00	20	Quarterly	Dec-11
	<b>Total</b>	<b>5,942.75</b>			
<b>Foreign Currency Loan - Bank</b>					
ICICI Bank Limited - Hongkong	6Month	1,654.68	10	Half Yearly	Feb-11
	Libor + 2.00				
<b>Rupee Loans - Institution</b>					
IFCI Limited	13.50	914.68	41	Quarterly	Mar-06
LIC of India	11.50	8.56	41	Quarterly	Mar-06
SICOM Limited	11.50	456.52	41	Quarterly	Mar-06
	<b>Total</b>	<b>1,379.76</b>			

6.2.5. Details of default in repayment of Term Loans and interest, as at the year end, are:

Particulars	March 31, 2015		March 31, 2014	
	Period of Default	₹ in Lakhs	Period of Default	₹ in Lakhs
<b>Principal</b>				
IDBI Bank Limited	1 Day	1,280.00	-	-
State Bank of India	1 Day	185.00	-	-
ICICI Bank Limited (ECB)	1 -37 Days	715.85	-	-
IFCI Limited	1 Day	242.65	-	-
LIC of India	1 Day	4.60	-	-
SICOM Limited	1 Day	97.50	-	-
<b>Interest</b>				
State Bank of India	1 Day	10.60	-	-
IFCI Limited	1 Day	30.57	-	-
LIC of India	1 Day	0.26	-	-
SICOM Limited	1 Day	15.56	-	-

### 6.3. Term Loans – In Foreign Currency from Banks:

6.3.1. Term Loan in Foreign Currency is secured by First charge on Wind power assets situated at Amdhapuram site in Tirunelveli District, Tamilnadu acquired out of the said loan and residual / subservient charge on the current assets of the Company.

6.3.2. Details of rate of interest and repayment are as under:

₹ in Lakhs

Bank / Institution	Rate of Interest %	Balance as on March 31, 2015	Repayment Schedule
ICICI Bank Ltd - HongKong	6 Month Libor +5.80	4,436.64	15 Half Yearly Installments commencing from February, 2012

### 6.4. Term Loans – In Rupees from Others:

6.4.1. The term loan from Department of Bio Technology (DBT) availed for Process Development Unit is secured by way of hypothecation of all equipment, apparatus, machineries, spare tool and other accessories and goods and / or the other movable properties of the Company acquired for the project.

6.4.2. Details of rate of interest and repayment are as under:

₹ in Lakhs

Name	Rate of Interest %	Balance as on March 31, 2015	Repayment Schedule
Department of Bio Technology	2	648.00	10 Semi annual Installments commencing from October 31, 2014
Department of Bio Technology	2	64.00	10 Semi annual Installments commencing from June 30, 2014

## Notes forming part of the financial statements for the year ended March 31, 2015

### 6.5. Corporate Loan:

**6.5.1** Rupee loan availed from State Bank of India is secured by first charge on chargeable current assets of the Company ranking pari-passu with other banks in the consortium and second charge on the Company's present and future immoveable properties ranking pari-passu with working capital lenders. (Refer Note 6.2.3)

**6.5.2.** Details of rate of interest and repayment are as under:

₹ in Lakhs

Bank / Institution	Rate of Interest %	Balance as on March 31, 2015	Repayment Schedule		
			Number of Installments	Frequency	Commencing from
State Bank of India	13.95	4,900.00	20	Quarterly	Dec-14

**6.5.3.** The Company has defaulted in payment of interest of ₹ 69.76 Lakhs and installment of ₹ 100.00 Lakhs by one day as at the year end.

### 6.6. Sales Tax Deferral:

The Govt. of Andhra Pradesh has extended to the Company, the incentive of sales tax deferral scheme pursuant to which the sales tax attributable to the sales effected out of production is deferred (interest-free) for a period of 14 years from March 19, 1998. The deferred sales tax in respect of above outstanding as on March 31, 2015 is ₹ 7,664.14 Lakhs (Previous Year ₹ 8,305.54 Lakhs) based on the sales tax returns for which repayments commenced from March 19, 2012. There are no overdue installments as at the year end.

### 7. Deferred Tax Liabilities (Net):

Deferred Tax Liability as at year end in respect of timing differences comprises the following:

₹ in Lakhs

Particulars	Nature	March 31, 2015	March 31, 2014
On account of Depreciation / amortization	Liability	18,398.89	19,010.92
On account of Employee benefit provision	Asset	228.43	815.81
On account of Unabsorbed Business Loss / Depreciation	Asset	6,296.71	6,296.71
On account of Disallowances u/s 43B	Asset	3,393.47	3,321.29
On account of Amalgamation expenses	Asset	34.01	68.00
<b>Total</b>	<b>Net Liability</b>	<b>8,446.27</b>	<b>8,509.11</b>
Charge / Credit for the year		499.20	(10,691.79)
Credit to General Reserve (Refer Note 13.2)		(562.05)	-

### 8. Other Long Term Liabilities:

₹ in Lakhs

Particulars	March 31, 2015	March 31, 2014
Deposits from dealers	5,035.05	4,464.47
Other Deposits - (Retention, EMD etc.)	244.25	184.07
Recompense payable (Refer Note 6.1.2)	-	9,857.58
<b>Total</b>	<b>5,279.30</b>	<b>14,506.12</b>

### 9. Provisions:

₹ in Lakhs

Particulars	Non Current		Current	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Provision for employee benefits (Refer Note 25.2)				
- Leave Benefit	374.48	2,041.51	297.57	70.06
- Gratuity	-	-	-	288.57
Provision for Taxation (net of Advance Tax ₹ Nil (previous year ₹ 13,895.78 Lakhs))	-	-	-	3,278.16
<b>Total</b>	<b>374.48</b>	<b>2,041.51</b>	<b>297.57</b>	<b>3,636.79</b>

## Notes forming part of the financial statements for the year ended March 31, 2015

### 10. Short Term Borrowings:

₹ in Lakhs

Particulars	March 31, 2015	March 31, 2014
<b>Loans repayable on demand</b>		
<b>Secured (Refer Note 10.1)</b>		
From Banks		
In Rupees - Cash Credit	95,579.18	85,071.08
In Rupees - Short Term Loan	2,993.38	23,500.00
In Foreign Currency - Suppliers / Buyers Credit	1,686.68	12,882.63
<b>Total</b>	<b>1,00,259.24</b>	<b>1,21,453.71</b>

10.1. Working Capital facilities from banks are secured by hypothecation by way of first charge on current assets, stock in trade, book debts and stores and spares, present and future and second charge on the fixed assets of the Company. Working Capital facilities from banks are guaranteed by Shri K.S.Raju, Chairman of the Company.

### 11. Trade Payables:

₹ in Lakhs

Particulars	March 31, 2015	March 31, 2014
Trade Payables - Other than Acceptances	1,01,225.41	87,749.75
	<b>1,01,225.41</b>	<b>87,749.75</b>

11.1. Trade payable other than acceptances include certain dues to Micro and Small Enterprises, under the Micro, Small and Medium Enterprises Development Act, 2006 that have been determined based on the information available with the company and the required disclosures are given below:

₹ in Lakhs

Sl.No.	Particulars	March 31, 2015	March 31, 2014
A	Principal amount remaining unpaid	Nil	Nil
B	Interest due thereon	Nil	Nil
C	Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year.	Nil	Nil
D	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
E	Interest accrued and remaining unpaid	Nil	Nil
F	Further Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	Nil	Nil

### 12. Other Current Liabilities:

₹ in Lakhs

Particulars	March 31, 2015	March 31, 2014
Current maturities of long term debt (Refer Note 6)	14,802.24	17,339.30
Unpaid matured Debentures and Interest accrued there on (Refer Note 6.1.1.2)	1,215.20	-
Term Loans outstanding for repayment (Refer Note 6.2.5 & 6.5.3)	2,625.60	-
Interest accrued but not due	1,003.97	430.40
Interest accrued and due (Refer Note 6.2.5)	224.05	-
Unclaimed Dividends (Refer Note 12.1)	658.87	661.96
Other payables		
Statutory Payables	1,704.82	678.50
Deposits	195.99	151.95
Others	1,548.17	1,141.16
Payable on purchase of fixed assets	103.55	400.23
<b>Total</b>	<b>24,082.46</b>	<b>20,803.50</b>

12.1. There are no amounts due for payment to the Investor Education Protection Fund as at the Balance Sheet date.

## Notes forming part of the financial statements for the year ended March 31, 2015

### 13. Fixed Assets:

₹ in Lakhs

Particulars	Gross Block (At cost)				Depreciation						Net Block	
	As at March 31, 2014	Additions during the year	Deductions/ Adjustments during the year	As at March 31, 2015	Upto March 31, 2014	Adjusted to Opening Reserves (Refer Note 13.2)	For the year	Deductions/ Adjustments	Impairment for the year (Refer Note 29.2.2)	Upto March 31, 2015	As at March 31, 2015	As at March 31, 2014
<b>Tangible Assets</b>												
Land	1,16,138.11	85.45	-	1,16,223.56	-	-	-	-	-	-	1,16,223.56	1,16,138.11
Buildings	14,686.23	69.82	-	14,756.05	1,172.72	-	759.59	-	-	1,932.31	12,823.74	13,513.51
Plant & Equipments	1,98,969.44	5,260.15	2,038.97	2,02,190.62	32,783.15	5,703.98	7,787.28	336.81	3,184.62	49,122.22	1,53,068.40	1,66,186.29
Furniture, Fixtures & Office Equipment	1,754.44	149.91	27.84	1,876.51	731.28	142.10	253.29	24.18	-	1,102.49	774.02	1,023.16
Vehicles	418.39	0.69	0.03	419.05	208.89	1.27	41.30	0.03	-	251.43	167.62	209.50
Roads, Drains & Culverts	908.81	4.01	-	912.82	43.96	725.69	11.03	-	-	780.68	132.14	864.85
Railway Siding	932.61	-	-	932.61	132.90	753.08	-	-	-	885.98	46.63	799.71
<b>Total</b>	<b>3,33,808.03</b>	<b>5,570.03</b>	<b>2,066.84</b>	<b>3,37,311.22</b>	<b>35,072.90</b>	<b>7,326.12</b>	<b>8,852.49</b>	<b>361.02</b>	<b>3,184.62</b>	<b>54,075.11</b>	<b>2,83,236.11</b>	<b>2,98,735.13</b>
Previous Year	3,29,682.77	4,684.04	558.79	3,33,808.02	23,015.59	-	12,123.31	65.99	-	35,072.91	2,98,735.11	3,06,667.18
<b>Intangible Assets</b>												
Trade Marks & Services	4,914.00	-	-	4,914.00	1,474.20	-	491.40	-	-	1,965.60	2,948.40	3,439.80
<b>Total</b>	<b>4,914.00</b>	<b>-</b>	<b>-</b>	<b>4,914.00</b>	<b>1,474.20</b>	<b>-</b>	<b>491.40</b>	<b>-</b>	<b>-</b>	<b>1,965.60</b>	<b>2,948.40</b>	<b>3,439.80</b>
Previous Year	4,914.00	-	-	4,914.00	982.80	-	491.40	-	-	1,474.20	3,439.80	3,931.20

**13.1.** Additions to Land during the year represents enhanced compensation paid for land at Kakinada ₹85.45 Lakhs (Previous Year ₹68.75 Lakhs).

**13.2.** Pursuant to Schedule II to the Companies Act 2013, with effect from April 1, 2014, the Company has adopted revised useful lives of the assets aligning the same with those specified in Schedule II. The Company has fully depreciated the carrying value of assets, net off residual value, where remaining life of the assets was determined to be NIL as on April 1, 2014 and has adjusted an amount of ₹6,764.07 Lakhs (net of deferred tax of ₹562.05 Lakhs) from General Reserve. Consequent to change in the useful lives of other assets, the impact on depreciation expense for the year was lower by ₹3,584.49 Lakhs.

**13.3.** Additions to Plant & Equipments during the year include ₹300.47 Lakhs (Previous Year ₹999.37 Lakhs) foreign exchange loss arising on account of restatement of foreign currency loan.

**13.4.** Land & Buildings

a) Includes 5 acres, the possession of which is yet to be taken, title under dispute.

b) Excludes value of 33.35 acres, which is in the possession and use of the Company pending fixation of compensation by the State Government, value not ascertained.

c) Excludes value of 14.06 acres pending completion of alienation and handing over possession by Govt of Andhra Pradesh, out of which 3.14 acres covered by restrictive provisions of Andhra Pradesh Land Reforms Act, 1973.

### 14. Non Current Investments - Unquoted (At Cost):

Particulars	March 31, 2015		March 31, 2014	
	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
<b>Long Term</b>				
<b>Trade Investments</b>				
<b>In Subsidiaries</b>				
<b>In Equity Shares of ₹ 10/- each fully paid up</b>				
Jaiprakash Engineering and Steel Company Limited <sup>1</sup>	2,25,61,693	2,256.17	2,25,61,693	2,256.17
<b>In Equity Shares of Euros 100 each fully paid up</b>				
Nagarjuna Industrial Services and Investments Private Limited	50,000	3,037.50	50,000	3,037.50
<b>Total - (A)</b>		<b>5,293.67</b>		<b>5,293.67</b>
<b>In Associates</b>				
<b>In Equity Shares of ₹ 10/- each fully paid up</b>				
Nagarjuna Agricultural Research and Development Institute	25,020	2.50	25,020	2.50
KVK Raju International Leadership Academy	1,50,000	15.00	1,50,000	15.00
<b>Total - (B)</b>		<b>17.50</b>		<b>17.50</b>
<b>Total - (A+B)</b>		<b>5,311.17</b>		<b>5,311.17</b>
Less: Provision for diminution (Refer Note No.29.2.1)		2,695.64		17.50
		<b>2,615.53</b>		<b>5,293.67</b>
Aggregate cost of Quoted Investments		-		-
Aggregate cost of Un-Quoted Investments		5,311.17		5,311.17
Aggregate Market Value of Quoted Investments		-		-

<sup>1</sup>pledged with lenders (Refer Note 6.2.2)

## Notes forming part of the financial statements for the year ended March 31, 2015

14.1. In respect of Jaiprakash Engineering and Steel Company Ltd (JESCO), the project envisaged has not materialised. Karnataka Industrial Area Development Board (KIADB) had given possession of 986.52 acres of land (lease hold and free hold) for the project against payment of ₹ 3,053.65 Lakhs in earlier years. JESCO approached KIADB for surrender of land allotted and refund of amount paid. KIADB agreed to reimburse the cost with a condition as and when KIADB receive request, JESCO lands will be offered and upon acceptance by potential investor amounts will be refunded to JESCO. As at the year end, JESCO is in possession of 548.70 acres of land.

The Company has applied for approval to implement two projects i.e. Fertilizers and Chemicals Complex and Integrated Township to Karnataka Government during the year in the balance land held by the Company. The Government of Karnataka has approved the projects vide Government Order (GO) No. CI 175 SPI 2011, Bangalore dated August 18, 2011, May 07, 2012 and GO No. CI 176 SPI 2011 dated August 18, 2011.

Government of Karnataka has passed order No. CI 175 SPI 2011 dated November 11, 2013 cancelling the Land Allotment made to the Company stating that the Company has not implemented the approved projects and also advised KIADB to resume the balance land from the Company. The Company has filed a writ petition in the Hon'ble High Court of Karnataka challenging the above cited GO and the Hon'ble High Court of Karnataka has prohibited the Government of Karnataka from dispossessing the land in possession of the Company.

In the opinion of the management there is no diminution in the value of investment, considering the value of land in possession as at the year end.

### 15. Loans and Advances:

₹ in Lakhs

Particulars	Non-current		Current	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
<b>Capital Advances</b>				
Secured (considered good)	-	132.56	-	-
Unsecured (considered good)	271.87	751.43	-	-
<b>Total - (A)</b>	<b>271.87</b>	<b>883.99</b>	-	-
<b>Loans and Advances - Unsecured (considered good)</b>				
Security Deposits	652.50	644.05	121.23	100.06
Loans and advances to related parties	879.21	386.82	2,852.31	3,488.86
Advance Recoverable in Cash or in Kind	-	-	5,602.54	7,650.35
Advance Income Tax (net of provision for taxation ₹ 17,493.40 Lakhs (Previous year ₹ Nil))	-	-	334.33	-
Prepaid Expenses	4.59	9.17	1,194.02	1,052.28
Loans to Employees	-	-	3.41	3.42
Balance with Customs Authorities	0.15	0.32	36.98	39.64
Claims receivable	-	-	4.41	2.73
<b>Total - (B)</b>	<b>1,536.45</b>	<b>1,040.36</b>	<b>10,149.23</b>	<b>12,337.34</b>
Less: Provision for Doubtful advances (Refer Note 29.2.1)	-	-	3,214.42	-
<b>Total (A+B)</b>	<b>1,808.32</b>	<b>1,924.35</b>	<b>6,934.81</b>	<b>12,337.34</b>

### 16. Inventories:

₹ in Lakhs

Particulars	March 31, 2015	March 31, 2014
Raw materials	851.58	333.18
Work in process	357.70	81.84
Finished Goods - Manufactured goods	2,680.16	1,657.25
Stock In Transit - Manufactured goods	828.56	73.34
Traded goods	8,731.30	17,746.02
Stock In Transit - Traded goods	36.70	39.11
Packing materials	739.22	828.91
Stores and Spares	2,245.70	4,353.94
Loose tools	9.50	7.25
<b>Total</b>	<b>16,480.42</b>	<b>25,120.84</b>

## Notes forming part of the financial statements for the year ended March 31, 2015

₹ in Lakhs

### 17. Trade Receivables: (Unsecured) (Refer Note 17.1)

Particulars	March 31, 2015	March 31, 2014
Debts outstanding over six months		
Considered good	15,383.80	22,350.45
Considered doubtful	814.19	333.71
Other debts considered good	91,653.17	110,602.47
	<b>1,07,851.16</b>	<b>1,33,286.63</b>
Less: Provision for doubtful debts	814.19	333.71
<b>Total</b>	<b>1,07,036.97</b>	<b>1,32,952.92</b>

17.1. Includes subsidy and other dues ₹ 77,387.24 Lakhs (Previous Year ₹ 89,606.89 Lakhs) from Government of India and ₹ 8,685.95 Lakhs (Previous Year ₹ 8,747.95 Lakhs) from State Governments.

₹ in Lakhs

### 18. Cash and Bank Balances:

Particulars	Non Current		Current	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
<b>Cash and Cash equivalents</b>				
Cash on hand	-	-	14.17	15.89
Balances with Banks				
Earmarked balances with Banks				
Term Deposits (Refer Note 18.1)	-	-	393.80	371.95
Unclaimed Dividend	-	-	658.87	661.96
in Current Accounts	-	-	266.34	772.34
Cheques,drafts on hand	-	-	1,949.47	4,632.98
	-	-	<b>3,282.65</b>	<b>6,455.12</b>
<b>Other Bank Balances</b>				
<b>in Deposit Accounts</b>				
Margin Money Deposits	28.47	35.74	4,496.71	2,845.59
Amount disclosed under "Other Non Current Assets" (Refer Note 19)	(28.47)	(35.74)	-	-
<b>Total</b>	-	-	<b>7,779.36</b>	<b>9,300.71</b>

18.1. Amount deposited in pursuance of Notification issued by Ministry of Corporate Affairs, vide Circular No. 04/2013, dated February 11, 2013.

### 19. Other Assets:

₹ in Lakhs

Particulars	Non Current		Current	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Non Current Bank balances (Refer Note 18)	28.47	35.74	-	-
Other Receivables (considered good)	-	-	-	179.78
Interest Accrued on Deposits	-	-	247.64	162.68
Unbilled Revenue	-	-	3.34	22.51
<b>Total</b>	<b>28.47</b>	<b>35.74</b>	<b>250.98</b>	<b>364.97</b>

## Notes forming part of the financial statements for the year ended March 31, 2015

### 20. Revenue from Operations:

₹ in Lakhs

Particulars	2014-15	2013-14	
<b>Sales, including Subsidy on products</b>			
<b>Manufactured goods</b>			
Urea (Refer Note 20.1) *	1,23,895.14	1,71,517.00	
Ammonia (Refer Note 20.2)	899.32	-	
Customised Fertilizers	493.37	3,879.79	
Wind Energy	657.62	751.59	
Extruded Irrigation systems	18,557.81	18,202.62	
PVC Pipes	-	47.99	
<b>Total - A</b>	<b>1,44,503.26</b>	<b>1,94,398.99</b>	
<b>Traded goods</b>			
Pool Urea	67,437.92	87,199.44	
Bulk Fertilizers @	-	37,570.57	
Specialty Fertilizers	11,421.72	8,133.42	
Others	29,312.59	17,149.46	
<b>Total - B</b>	<b>1,08,172.23</b>	<b>1,50,052.89</b>	
<b>Sale of Products</b>	<b>Total - (A+B)</b>	<b>2,52,675.49</b>	<b>3,44,451.88</b>
<b>Sale of Services - Manpower</b>	805.83	999.70	
<b>Other Operating revenues (sale of scrap, etc.)</b>	264.76	249.25	
<b>Total</b>	<b>2,53,746.08</b>	<b>3,45,700.83</b>	

\* including Government Subsidy ₹74,394.78 Lakhs (Previous Year ₹ 95,033.34 Lakhs)

@ including Government Subsidy ₹ Nil (Previous Year ₹ 13,457.66 Lakhs)

#### 20.1. Group Concession Scheme – (GCS) Subsidy

Nitrogenous fertilizers (Urea) are under the Group Concession Scheme as per New Pricing Scheme announced by the Government of India, Department of Fertilizers vide their letter dated March 08, 2007 to be implemented for the period from October 01, 2006 to March 31, 2010 (NPS-III) which has further been extended from April 01, 2010 until further orders. The Concession Rate for Plant-1 and Plant-2 for the period April 01, 2014 to March 31, 2015 has been recognized based on the latest notified rates under NPS-III and further adjusted with input price escalation aggregating to ₹11,594.05 Lakhs including giving effect to Modified NPS III policy for reimbursement of additional fixed cost of ₹350/- per MT (Previous Year de-escalation ₹597.86 Lakhs) as estimated by the Management.

Adjustments if any, on notification of final prices under the scheme will be considered in the year in which notifications are received.

#### 20.2. Ammonia Sale

Due to non-supply/short supply of gas, Unit-I and Unit-II Ammonia-Urea plants and Carbon Dioxide Recovery plant were non-operational and operated at reduced loads resulting in limitation of CO<sub>2</sub>. Due to this technical limitations /reasons, there was generation of surplus ammonia and sales during the year April 01, 2014 to March 31, 2015.

### 21. Other Income:

₹ in Lakhs

Particulars	2014-15	2013-14
Interest on Bank Deposits and others	573.51	1,951.53
Grants in Aid (Refer Note 21.1)	-	100.00
Other non-operating income	3,507.85	1,177.43
Profit on sale of assets	18.07	-
<b>Total</b>	<b>4,099.43</b>	<b>3,228.96</b>

21.1. represents revenue grant received from Department of Bio Technology towards Process Development Unit and Rare Sugar Production for in house Research and Development.

## Notes forming part of the financial statements for the year ended March 31, 2015

### 22. Cost of Materials consumed:

₹ in Lakhs

Particulars	2014-15	2013-14
Natural Gas	45,286.22	52,593.28
Plastic Granules	7,429.49	8,545.66
PVC resin	2,674.63	2,683.82
Others	576.17	1,842.39
Packing Material	3,896.04	5,714.71
<b>Total</b>	<b>59,862.55</b>	<b>71,379.86</b>

### 23. Purchases of Traded Products:

₹ in Lakhs

Particulars	2014-15	2013-14
Pool Urea	71,238.14	77,929.88
Bulk Fertilizers	-	32,315.71
Specialty Fertilizers	7,525.40	6,186.09
Packing Material	1,200.18	783.08
Others	26,721.52	27,167.86
<b>Total</b>	<b>1,06,685.24</b>	<b>1,44,382.62</b>

### 24. (Increase) / Decrease in Stock:

₹ in Lakhs

Particulars	2014-15	2013-14
Inventories at the end of the year		
Traded goods	8,768.00	17,785.14
Finished Goods	3,508.72	1,730.58
Work in Process	357.70	81.84
<b>Total - (A)</b>	<b>12,634.42</b>	<b>19,597.56</b>
Inventories at the beginning of the year		
Traded goods	17,785.13	17,349.17
Less: Purchase Returns during the year	(12,001.15)	-
Finished Goods	1,730.58	3,534.93
Work in Process	81.84	53.31
<b>Total - (B)</b>	<b>7,596.40</b>	<b>20,937.41</b>
<b>Total - (A-B)</b>	<b>(5,038.02)</b>	<b>1,339.85</b>

### 25. Employee Benefits Expense:

₹ in Lakhs

Particulars	2014-15	2013-14
Salaries and Wages	11,756.86	11,655.09
Contribution to Provident and Other Funds	1,017.28	1,031.99
Staff Welfare Expenses	998.89	1,001.54
<b>Total</b>	<b>13,773.03</b>	<b>13,688.62</b>

25.1. The company based on the approvals obtained from the Board of Directors and the shareholders at the Annual General Meeting held on September 26, 2014 filed applications with the Central Government for approval for payment of remuneration to Mr. K S Raju, Chairman and Mr. K Rahul Raju, Managing Director for the period April 1, 2013 to March 31, 2014, April 1, 2014 to July 31, 2014 and August 1, 2014 to July 31, 2017 which are pending with Central Government.

25.2. The disclosure required under Accounting Standard 15 "Employee Benefits" is given below.

#### Defined Contribution Plans

The Company makes Provident Fund and Superannuation Fund contribution to defined contribution plans for qualifying employees including whole time directors. Under the schemes the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Provident Fund scheme additionally requires the Company to guarantee payment of interest at rates notified by the Central Government from time to time, for which shortfall if any, shall be provided for by the Company.

## Notes forming part of the financial statements for the year ended March 31, 2015

Contributions to these Defined Contribution Plans, charged to Statement of Profit and Loss during the year are as under:

Particulars	₹ in Lakhs	
	2014-15	2013-14
Employer's contribution to Provident Fund	328.91	363.89
Employer's contribution to Superannuation Fund	503.68	466.02
Employer's contribution to Pension Scheme	164.94	110.86

### Defined Benefit Plans

The employees' gratuity fund and leave encashment (PL) schemes managed by Life Insurance Corporation of India are defined benefit plans. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

#### A. Gratuity

Details of the Company's post retirement gratuity plans for its employees including wholtime directors are given below, which is certified by the actuary and relied upon by the auditors:

##### a. Reconciliation of opening and closing balance of Defined Benefit Obligation

Particulars	₹ in Lakhs	
	March 31, 2015	March 31, 2014
Defined Benefit obligation at beginning of the year	2,193.52	2,068.24
Current Service Cost	220.84	327.89
Interest Cost	175.30	165.84
Actuarial (gain) / loss	(638.18)	(276.76)
Past service cost	-	-
Benefits paid	111.51	91.69
Defined Benefit Obligation at year end	1,839.97	2,193.52

##### b. Reconciliation of opening and closing balance of fair value of plan assets

Particulars	₹ in Lakhs	
	March 31, 2015	March 31, 2014
Fair value of plan assets at beginning of the year	1,904.94	1,852.39
Expected return on plan assets	189.74	175.57
Actuarial gain / (loss)	(189.74)	(175.57)
Employer contribution	345.04	144.24
Benefits paid	111.51	91.69
Fair value of plan assets at year end	2,138.47	1,904.94

##### c. Reconciliation of fair value of assets and obligations

Particulars	₹ in Lakhs	
	March 31, 2015	March 31, 2014
Fair value of plan assets	2,138.47	1,904.94
Present value of obligation	1,839.97	2,193.52

## Notes forming part of the financial statements for the year ended March 31, 2015

### d. Expenses recognized during the year under the head “Employee Benefits Expense”

₹ in Lakhs

Particulars	2014-15	2013-14
Current service Cost	220.84	327.89
Interest Cost	175.30	165.84
Expected return on plan assets	(189.74)	(175.57)
Actuarial (gain) / loss	(448.44)	(101.19)
Past Service Cost	-	-
Net cost	(242.04)	216.97

### e. Investment details:

Particulars	March 31, 2015	March 31, 2014
L.I.C. Group Gratuity (Cash Accumulation) Policy	100%	100%
Amount (₹ In Lakhs)	2,138.47	1,904.94

### f. Actuarial assumptions

Mortality Table of L.I.C.

Particulars	March 31, 2015	March 31, 2014
Discount rate (per annum)	7.83%	8.20%
Expected rate of return on plan assets (per annum)	9.00%	9.00%
Rate of escalation in salary (per annum)	6.00%	10.00%

The estimate of rate of escalations in salary considered in actuarial valuation, takes in to account inflation, length of service and other relevant factors.

- B. The liability for compensated absences ₹1,136.26 Lakhs (Previous Year ₹ 1,555.38 Lakhs) has been actuarially determined and provided for in the books. The liability has been funded through NFCL New Group Leave Encashment Policy managed by LIC.

### 26. Finance cost:

₹ in Lakhs

Particulars	2014-15	2013-14
Interest Expense		
Term Loans	2,227.03	3,798.80
Debentures	1,562.76	1,360.25
Short term borrowings	16,556.67	16,159.92
Other borrowing costs	2,979.87	6,381.33
Interest on shortfall in payment of Advance Tax	319.47	474.15
<b>Total</b>	<b>23,645.80</b>	<b>28,174.45</b>

## Notes forming part of the financial statements for the year ended March 31, 2015

### 27. Other Expenses:

₹ in Lakhs

Particulars	2014-15	2013-14
Catalysts charge	25.77	74.75
Chemicals and consumables	890.40	1,065.11
Excise Duty on Inventory	4.54	(15.22)
Rent	875.53	924.99
Rates and Taxes	727.57	1,676.74
Electricity and Water	191.81	210.35
Stores and Spares Consumed	1,123.73	817.17
Repairs and Maintenance		
Buildings	135.04	55.26
Plant and Machinery	876.17	954.25
Others	1,118.05	667.80
Insurance	488.26	569.93
Printing and Stationery	101.62	122.36
Postage, Telephone and Telex	249.07	257.32
Travelling and Conveyance	1,442.89	1,547.55
Advertisement and Publicity	737.86	998.01
Employee Recruitment and Training	48.11	35.07
Legal, Secretarial and Share Registry	571.82	526.18
Professional and Consultancy	1,387.01	1,634.75
Directors Sitting Fees	12.81	13.99
Loss on Sale of Assets / Assets discarded	-	471.15
Auditors' remuneration (Refer Note 34)	98.84	104.43
Donations	-	136.05
Corporate Social Responsibility Expenditure	86.22	-
Transport and Handling	14,821.49	24,104.97
Distribution	779.33	2,368.47
Sales Commission / discounts / rebates	780.95	742.23
Bad Debts / Advances written off	2,927.64	0.72
Provision for doubtful debts / advances	846.17	85.37
Provision for diminution in value of Investments	-	17.50
Loss on foreign currency transactions	312.44	-
Miscellaneous	676.45	781.30
<b>Total</b>	<b>32,337.59</b>	<b>40,948.55</b>

## Notes forming part of the financial statements for the year ended March 31, 2015

28. Details of Capital and Revenue expenditure incurred on Research and Development included under fixed assets, employee benefits expense, other expenses and finance cost are as below: ₹ in Lakhs

Particulars	2014-15	2013-14
<b>A. Capital Expenditure</b>		
Plant and equipments, computers, etc.	75.87	412.40
<b>B. Revenue Expenditure</b>		
Salaries and Wages	652.90	662.49
Contribution to Provident and Other funds	71.21	65.78
Staff welfare	56.31	54.06
Electricity and Water	52.63	69.43
Chemicals and Consumables	50.91	103.42
Professional Charges	73.78	172.69
Depreciation	140.58	755.54
Finance cost	15.45	14.61
Others	248.09	270.79
<b>Revenue Expenditure</b>	<b>1,361.86</b>	<b>2,168.81</b>
Less: Grants in Aid received (included in Other Income)	-	100.00
<b>Total</b>	<b>1,361.86</b>	<b>2,068.81</b>

- 28.1. Out of the above expenditure, ₹905.09 Lakhs (Previous Year ₹1,707.38 Lakhs (Net of Grants ₹100.00 Lakhs)) is eligible for weighted deduction u/s 35 (2AB) of Income Tax Act, 1961 as per the Guidelines of Department of Scientific and Industrial Research.

29. **Exceptional and Extra-ordinary items:**

29.1. **Exceptional Items** ₹ in Lakhs

Particulars	2014-15	2013-14
Loss on Sale of Assets / Assets discarded	3,510.52	-
Legal & Professional Charges (Stage-III and Super revamp)	833.84	-
Loss on foreign currency transactions	-	14,539.05
Provision for Recompense	-	6,022.35
<b>Total</b>	<b>4,344.36</b>	<b>20,561.40</b>

29.2. **Extra-ordinary Items** ₹ in Lakhs

Particulars	2014-15	2013-14
Provision for doubtful advances (Refer Note 29.2.1)	2,852.31	-
Provision for diminution in value of Investment (Refer Note 29.2.1)	2,678.14	-
Impairment Loss (Refer Note 29.2.2)	3,184.62	-
<b>Total</b>	<b>8,715.07</b>	<b>-</b>

- 29.2.1. During the year, the Company has made a provision for doubtful advances of ₹2,852.31 Lakhs and for diminution of ₹2,678.14 Lakhs in the value of its investment in the share capital of its subsidiary Nagarjuna Industrial Services and Investments Private Limited taking into consideration the liquidation of the associate Company to which the said subsidiary had in turn advanced monies.

- 29.2.2. Considering the operating results of the business so far and the prospects of viable economic returns from the wind power business, the Board has during the year, taken a decision to dispose off wind power assets. Pursuant to the decision, Company had obtained a purchase proposal from a prospective buyer. Based on the purchase consideration offered, the excess carrying value of windmill assets ₹3,184.62 Lakhs is recognised as impairment loss.

30. **Contingent Liabilities and Commitments:**

30.1. **Contingent Liabilities not provided for:**

- 30.1.1. Counter guarantees given to Bankers in respect of Bank guarantees ₹1,606.84 Lakhs (Previous year ₹1,814.63 Lakhs).

## Notes forming part of the financial statements for the year ended March 31, 2015

**30.1.2.** Compensation in respect of 33.35 acres (Previous year 33.35 acres) of land in possession - amount not ascertained.

**30.1.3.** Claims against the Company not acknowledged as debts ₹4,893.41 Lakhs (Previous year ₹7,498.53 Lakhs including ₹5,400.06 Lakhs disputed Excise Duty on subsidy).

### 30.2. Commitments:

**30.2.1.** Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance) ₹905.50 Lakhs (Previous year ₹3,004.03 Lakhs).

**30.2.2.** In terms of Composite Scheme of Arrangement and Amalgamation approved by Jurisdictional Courts, the Company has Commitment towards contribution to Nagarjuna Oil Refinery Limited (NORL) a sum of ₹100.00 Lakhs per year or such amount as may be required from time to time for a period of five years or until such time that NORL is able to manage its financial affairs.

### 31. Segment Reporting:

The financial results comprise the combined operations of the Company relating to Fertilizer, Micro Irrigation, Agri Informatic Services and Wind Energy generation business. The financial results of Micro Irrigation segment, Wind Energy segment and Agri Informatic Services segment are less than the threshold limit prescribed for separate disclosure in Accounting Standard 17, and therefore, have not been shown separately.

### 32. Related party transactions:

#### 32.1. List of related parties and their relationships

##### Subsidiaries

- (i) Jaiprakash Engineering and Steel Company Limited
- (ii) Nagarjuna Industrial Services and Investments Private Limited (NISIPL)

##### Step down Subsidiaries

- (i) Spawnt Private S.a.r.l, Luxembourg (Effective from February 11, 2015)

##### Associates

- (i) Nagarjuna Agricultural Research and Development Institute
- (ii) KVK Raju International Leadership Academy

##### Key Management Personnel

- (i) Mr.K.S.Raju, Chairman
- (ii) Mr.K.Rahul Raju, Managing Director

##### Relatives of Key Management Personnel.

- (i) Smt. K Veda Raju (Wife of Shri K Rahul Raju)
- (ii) Smt. K Lakshmi Raju (Daughter of Shri K S Raju and Sister of Shri K Rahul Raju)
- (iii) Smt. K Lakshmi Raju (Sister of Shri K S Raju)

##### Enterprises able to exercise significant influence

- (i) Amlika Mercantile Private Limited

##### Enterprises significantly influenced by Key Management personnel or their relatives

- (i) NFCL Employees Welfare Trust
- (ii) Nagarjuna Agrichem Limited
- (iii) Nagarjuna Oil Refinery Limited
- (iv) Nagarjuna Foundation

#### 32.2 Related party transactions during the year ended March 31, 2015 are as under:

₹ in Lakhs

Nature of transaction	Subsidiaries	Associates	Key Management Personnel and Relatives	Enterprises significantly influenced by Key Management personnel or their relatives
Advances given	(636.54)* (569.86)	Nil (Nil)	Nil (0.14)	492.39 (173.28)
Lease rental received	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (0.50)
Remuneration to key management personnel	Nil (Nil)	Nil (Nil)	138.32 (133.67)	Nil (Nil)
Rent paid	Nil (Nil)	Nil (Nil)	622.61 (83.02)	6.74 (6.74)
Donation	Nil (Nil)	Nil (Nil)	Nil (Nil)	80.00 (132.00)

Note: Figures in brackets represent previous year transactions.; \* Restatement of Exchange variance.

## Notes forming part of the financial statements for the year ended March 31, 2015

### 32.3 Balances outstanding at the year end March 31, 2015.

₹ in Lakhs

Nature of transaction	Subsidiaries	Associates	Key Management Personnel and Relatives	Enterprises significantly influenced by Key Management personnel or their relatives
<b>Loans and Advances</b>				
Smt. K Lakshmi Raju (Sister of Shri K S Raju)	Nil (Nil)	Nil (Nil)	0.75 (3.25)	Nil (Nil)
Nagarjuna Industrial Services and Investments Private Limited	2,852.31 (3,488.86)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Nagarjuna Oil Refinery Limited	Nil (Nil)	Nil (Nil)	Nil (Nil)	879.21 (386.82)
<b>Rental Deposits receivable</b>				
Nagarjuna Agrichem Limited	Nil (Nil)	Nil (Nil)	Nil (Nil)	0.40 (0.40)
Smt. K Lakshmi Raju (Daughter of Shri K S Raju and Sister of Shri K Rahul Raju)	Nil (Nil)	Nil (Nil)	90.00 (90.00)	Nil (Nil)
Smt. K Lakshmi Raju (Sister of Shri K S Raju)	Nil (Nil)	Nil (Nil)	Nil (7.37)	Nil (Nil)
<b>Rental Deposits payable</b>				
Nagarjuna Agrichem Limited	Nil (Nil)	Nil (Nil)	Nil (Nil)	0.21 (0.21)
<b>Other Assets</b>				
Nagarjuna Agrichem Limited	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (8.49)
<b>Trade Payables</b>				
Shri.K Rahul Raju	Nil (Nil)	Nil (Nil)	116.38 (Nil)	Nil (Nil)
Smt. K Lakshmi Raju (Sister of Shri K S Raju)	Nil (Nil)	Nil (Nil)	Nil (2.21)	Nil (Nil)
Smt. K Lakshmi Raju (Daughter of Shri K S Raju and Sister of Shri K Rahul Raju)	Nil (Nil)	Nil (Nil)	1.53 (1.53)	Nil (Nil)
<b>Other Current Liabilities</b>				
Key Management Personnel	Nil (Nil)	Nil (Nil)	18.46 (Nil)	Nil (Nil)

Note: Figures in brackets represent previous year transactions.

### 33. Earnings per Share:

Particulars	Unit of Measurement	2014-15	2013-14
Net (Loss) after tax	(₹ in Lakhs)	(36,662.60)	(23,910.95)
Number of Equity shares (fully paid up)	(Numbers)	59,80,65,003	59,80,65,003
Earnings per share – Basic & Diluted (Face value of ₹1/- per share)	[ 1 ] / [ 2 ]	(6.13)	(4.00)

Note: The Company has no dilutive instruments as at March 31, 2015, as such dilutive earnings per share equals to Basic Earnings per share.

### 34. Auditors' Remuneration:

₹ in Lakhs

Particulars	2014-15*	2013-14*
Fee towards:		
Statutory Audit	44.94	44.94
Tax Audit	8.43	8.43
Limited Review	16.86	16.86
Certification and other Services	22.99	28.58
Reimbursement of Expenses	5.62	5.62
<b>Total</b>	<b>98.84</b>	<b>104.43</b>

\*Inclusive of Service Tax ₹10.87 Lakhs (Previous year ₹ 11.49 Lakhs)

### 35. Cost of Materials Consumed:

Particulars	2014-15		2013-14	
	%	Value (₹ in Lakhs)	%	Value (₹ in Lakhs)
Imported	1	594.17	1	672.82
Indigenous	99	59,268.38	99	70,707.04
<b>Total</b>	<b>100</b>	<b>59,862.55</b>	<b>100</b>	<b>71,379.86</b>

## Notes forming part of the financial statements for the year ended March 31, 2015

### 36. Value of Stores and Spares Consumed:

Particulars	2014-15		2013-14	
	%	Value (₹ in Lakhs)	%	Value (₹ in Lakhs)
Imported	10	273.27	23	189.02
Indigenous	90	2,556.42	77	628.15
<b>Total</b>	<b>100</b>	<b>2,829.69</b>	<b>100</b>	<b>817.17</b>

### 37. CIF value of Imported Goods:

Particulars	₹ in Lakhs	
	2014-15	2013-14
Spares	1,244.97	1,111.94
Traded Products	7,086.73	36,671.56
Capital Goods	297.42	173.47
<b>Total</b>	<b>8,629.12</b>	<b>37,956.97</b>

### 38. Expenditure in Foreign Currency:

Particulars	₹ in Lakhs	
	2014-15	2013-14
Professional and Consultancy	1,224.38	728.80
Travel and Conveyance	109.18	168.44
Interest	384.16	2,405.30
Branch expenses	67.02	149.26
Others	54.99	135.26
<b>Total</b>	<b>1,839.73</b>	<b>3,587.06</b>

### 39. Earnings in Foreign Currency:

Particulars	₹ in Lakhs	
	March 31, 2015	March 31, 2014
Services	705.27	773.85
Despatch Money	-	20.05
<b>Total</b>	<b>705.27</b>	<b>793.90</b>

### 40. Particulars of Loans and Advances in the nature of Loans as required by clause 32 of the Listing Agreement.

Name of the company	Balance as at		Maximum outstanding during	
	March 31, 2015	March 31, 2014	2014-15	2013-14
<b>A Subsidiaries</b>				
Nagarjuna Industrial Services and Investments Private Limited	2,852.31	3,488.86	2,852.31	3,488.86
<b>B Associates</b>				
Nagarjuna Oil Refinery Limited *	879.21	386.82	879.21	386.82
<b>C Advances in the nature of Loans where there is no repayment schedule</b>				
Nagarjuna Industrial Services and Investments Private Limited	2,852.31	3,488.86	2,852.31	3,488.86
Nagarjuna Oil Refinery Limited *	879.21	386.82	879.21	386.82
<b>D Advances in the nature of Loans where no interest is charged or interest is below section 186 of the Companies Act, 2013</b>				
Nagarjuna Industrial Services and Investments Private Limited	2,852.31	3,488.86	2,852.31	3,488.86
Nagarjuna Oil Refinery Limited *	879.21	386.82	879.21	386.82
<b>E Advances in the nature of Loans to firms / companies in which directors are interested:</b>	Nil	Nil	Nil	Nil

\* Pursuant to the Composite Scheme of Arrangement and Amalgamation

## Notes forming part of the financial statements for the year ended March 31, 2015

41. The year-end Foreign Currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

₹ in Lakhs

Particulars	Currency	March 31, 2015		March 31, 2014	
		In foreign currency	₹ in Lakhs	In foreign currency	₹ in Lakhs
Sundry Debtors	USD	2,61,952	163.96	2,24,466	134.57
Cash and Bank Balances	USD	2,012	1.26	1,739	1.04
	KES	68,027	0.47	94,847	0.66
	SGD	11,527	5.24	36,304	17.25
Advances receivables	USD	440	0.28	1,98,000	118.70
	EUR	4,35,000	293.67	4,35,000	359.21
Loans and advances to related parties	EUR	42,25,000	2,852.31	42,25,000	3,488.86
Trade Payables	USD	-	-	13,13,010	787.15
Borrowings	USD	98,11,993	6,141.41	1,30,04,987	7,796.49

42. The figures for the previous year have been restated / regrouped, wherever necessary, to make them comparable.

### Signatories to Notes "1 to 42"

For and on behalf of the Board

**K S Raju**  
Chairman

**Chandra Pal Singh Yadav**  
**D. Ranga Raju**  
**M P Radhakrishnan**  
**Dr. NCB Nath**  
**Pawan Kumar**  
**S R Ramakrishnan**  
**Shailendra Govind Nadkarni**  
**Yogesh Rastogi**  
Directors

Hyderabad  
May 16, 2015

**M Ramakanth**  
Company Secretary

**Sudhir Bhansali**  
Chief Financial Officer

**K Rahul Raju**  
Managing Director

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF

### NAGARJUNA FERTILIZERS AND CHEMICALS LIMITED

#### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Nagarjuna Fertilizers and Chemicals Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising the Consolidated Balance Sheet as at March 31, 2015, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information ("the consolidated financial statements").

#### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Holding Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at March 31, 2015, and their consolidated loss and their consolidated cash flows for the year ended on that date.

#### Emphasis of Matter

Attention is invited to following notes to the consolidated financial statements:

- a) Note No 23.1 regarding accounting of subsidy under Group Concession Scheme based on the latest notified rate under NPS III with adjustment of input price escalation as detailed in the said note.

- b) Note No 28.1 regarding Managerial remuneration, the Company is in the process of obtaining approval from the Central Government.
- c) Note No 35 regarding financial statements of one of the subsidiaries being drawn up on a going concern basis considering issuing the Government Order for cancellation of land allotment by the Karnataka Government and stay by Hon'ble High Court of Karnataka of the Government Order and notwithstanding shelving the project initially planned for the reasons stated in the said note.

Our opinion is not modified in respect of this matter.

#### Other Matter

We did not audit the financial statements of a subsidiary whose financial statements reflect total assets of ₹ 619.75 Lakhs as at March 31, 2015, total revenues of ₹ 1.50 lakhs and net cash outflows amounting to ₹ 11.35 Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company and subsidiary companies, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 32.1.3 to the consolidated financial statements.
    - ii. The Group did not have any material foreseeable losses relating to long-term contracts including derivative contracts.
    - iii. The Group has been regular in transferring amounts to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made there under within time.

for M. Bhaskara Rao & Co.,  
Chartered Accountants  
Firm Registration No. 0004595

Hyderabad  
May 16, 2015

M V Ramana Murthy  
Partner  
Membership No. 206439

## Annexure to the Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) In respect of its fixed assets of the Holding Company and subsidiary company incorporated in India :
- (a) The respective entities have maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) According to the information and explanation given to us, the fixed assets have been physically verified by the Management during the year in accordance with a programme of verification, which, in our opinion, is reasonable having regard to the size of the respective entities and the nature of the assets. According to the information and explanations given to us, the discrepancies noticed on such verification were not material and have been properly dealt with in the books of account
- (ii) In respect of its inventories of the Holding Company
- (a) Physical verification of inventories at plants and warehouses has been conducted by the management at reasonable intervals during the year. In our opinion, having regard to the nature of business and location of stocks, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Holding Company and the nature of its business.
- (c) In our opinion, the Holding Company is maintaining proper records of inventories. According to the information and explanations given to us, the discrepancies noticed on verification between the physical stocks and the book records were not material in relation to the operations of the Holding Company and same have been properly dealt in the books of account.
- (iii) According to the information and explanations given to us, the Holding Company and subsidiary Company incorporated in India have not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013. Accordingly, provisions of clause (b) of paragraph 4(iv) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Holding Company and the Subsidiary Company incorporated in India has not accepted any deposits from the public. Accordingly, the provisions of paragraph 4(v) of the Order are not applicable.
- (v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system in the Holding Company and Subsidiary Company incorporated in India, commensurate with the size of the respective entities and the nature of their business for the purchase of inventory and fixed assets and for the sale of goods and services and during the course of our audit no major weaknesses in such internal control system has been observed.
- (vi) According to the information and explanations given to us, in our opinion, the Holding Company have, prima facie, made and maintained the prescribed cost records pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under subsection (1) of Section 148 of the Companies Act, 2013. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete. In respect of the Subsidiary Company incorporated in India, the Company has not commenced any operations; accordingly, provisions of paragraph 4(vi) of the Order is not applicable.
- (vii) According to the information and explanations given to us, in respect of statutory dues of the Holding Company and Subsidiary Company incorporated in India:

- (a) The respective entities have been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to the respective entities with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.
- (c) There were no dues of Income Tax, Sales tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Cess which have not been deposited as on March 31, 2015 on account of disputes.
- (d) The Holding Company has been regular in transferring amounts to the Investor Education and Protection Fund and there are no amounts which are required to be transferred by the Subsidiary Company incorporated in India in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder within time.
- (viii) The Holding Company and the Subsidiary incorporated in India have accumulated losses at the end of the financial year which is less than 50% of its networth and the Holding Company and the Subsidiary incorporated in India have incurred cash losses during the current financial year covered by our audit and also in the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Holding Company and subsidiary company incorporated in India, have not defaulted in payment of instalments and interest dues to banks, financial institutions and debenture holders except in respect of following dues:

Particulars	₹ Lakhs	Default Period
<b>Dues to debenture holders</b>		
Banks	1470.7	1 to 8 days
Financial institutions	743.18	1 to 14 days
<b>Dues to term loans</b>		
Banks	4766.97	1 to 38 days
Financial institutions	494.53	1 to 23 days
<b>Interest to debenture holders</b>		
Banks	140.62	1 to 11 days
Financial institutions	107.6	1 to 3 days
<b>Interest to term loans</b>		
Banks	725.2	1 to 60 days
Financial institutions	69.85	1 to 3 days

- (x) According to the information and explanation given to us, the Holding Company and Subsidiary Company incorporated in India have not given guarantees for loans taken by others from banks and financial institutions.
- (xi) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Holding Company during the year for the purposes for which they were obtained.
- (xii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Holding Company and Subsidiary Company incorporated in India and no material fraud on the Holding Company and Subsidiary Company incorporated in India has been noticed or reported during the year.

for M. Bhaskara Rao & Co.,  
Chartered Accountants  
Firm Registration No. 0004595

Hyderabad  
May 16, 2015

M V Ramana Murthy  
Partner  
Membership No. 206439

## Consolidated Balance Sheet As At March 31, 2015

₹ in Lakhs

Particulars	Note	As At March 31, 2015		As At March 31, 2014	
<b>I. EQUITY AND LIABILITIES</b>					
<b>Shareholders' Funds</b>					
(a) Share Capital	6	5,980.65		5,980.65	
(b) Reserves and Surplus	7	1,64,182.17	1,70,162.82	2,10,316.15	2,16,296.80
<b>Minority Interest</b>			2.84		2.84
<b>Non-Current Liabilities</b>					
(a) Long-Term Borrowings	8	18,885.21		19,177.37	
(b) Deferred Tax Liabilities (Net)	9	8,446.27		8,509.11	
(c) Other Long Term Liabilities	10	5,279.30		14,506.12	
(d) Long-Term Provisions	11	374.48	32,985.26	2,041.51	44,234.11
<b>Current Liabilities</b>					
(a) Short-Term Borrowings	12	1,00,259.24		1,21,453.71	
(b) Trade Payables	13	1,01,249.65		87,754.39	
(c) Other Current Liabilities	14	24,117.94		20,839.15	
(d) Short-Term Provisions	11	297.57	2,25,924.40	3,633.41	2,33,680.66
<b>Total</b>			<b>4,29,075.32</b>		<b>4,94,214.41</b>
<b>II. ASSETS</b>					
<b>Non-Current Assets</b>					
(a) Fixed Assets	15				
(i) Tangible Assets		2,83,264.94		2,98,763.96	
(ii) Intangible Assets		3,348.72		3,439.80	
(iii) Capital work-in-progress		307.47		3,012.49	
(b) Non-Current Investments	16	-		-	
(c) Long-term Loans and Advances	18	3,599.56		3,709.37	
(d) Other Non-Current Assets	22	28.47	2,90,549.16	35.74	3,08,961.36
<b>Current Assets</b>					
(a) Inventories	19	16,480.42		25,120.84	
(b) Trade Receivables	20	1,07,036.97		1,32,952.92	
(c) Cash and Bank balances	21	7,809.68		9,344.41	
(d) Short-Term Loans and Advances	18	6,947.21		17,469.09	
(e) Other Current Assets	22	251.88	1,38,526.16	365.79	1,85,253.05
<b>Total</b>			<b>4,29,075.32</b>		<b>4,94,214.41</b>
<b>Corporate Information and Significant Accounting Policies</b>	<b>1-3</b>				

Accompanying Notes form an integral part of the Financial Statements

As per our report of even date attached

For and on behalf of the Board

for **M. Bhaskara Rao & Co.,**  
Chartered Accountants

**K S Raju**  
Chairman

**Chandra Pal Singh Yadav**  
**D. Ranga Raju**  
**M P Radhakrishnan**  
**Dr. NCB Nath**  
**Pawan Kumar**  
**S R Ramakrishnan**  
**Shailendra Govind Nadkarni**  
**Yogesh Rastogi**  
Directors

**M. V. Ramana Murthy**  
Partner

Hyderabad  
May 16, 2015

**M Ramakanth**  
Company Secretary

**Sudhir Bhansali**  
Chief Financial Officer

**K Rahul Raju**  
Managing Director

## Consolidated Statement of Profit and Loss for the year ended March 31, 2015

₹ in Lakhs

Particulars	Note	2014-15		2013-14	
<b>Income</b>					
Revenue from Operations					
Sale of Products (including Subsidy)		2,52,675.49		3,44,451.88	
Sale of Services		805.83		999.70	
Other Operating Revenues		264.76		249.25	
	<b>23</b>	2,53,746.08		3,45,700.83	
Less: Excise Duty		593.80		857.70	
			2,53,152.28		3,44,843.13
Other Income	<b>24</b>		4,102.30		3,607.28
<b>Total</b>			<b>2,57,254.58</b>		<b>3,48,450.41</b>
<b>Expenses</b>					
Cost of Materials Consumed	<b>25</b>		59,862.55		71,379.86
Power and Fuel			39,745.60		47,953.39
Purchase of Traded Products	<b>26</b>		1,06,685.24		1,44,382.62
(Increase) / Decrease in Stock	<b>27</b>		(5,038.02)		1,339.85
Employee Benefits Expense	<b>28</b>		13,776.10		13,691.22
Finance Cost	<b>29</b>		23,649.34		28,174.61
Depreciation and Amortization	<b>15</b>		9,350.50		12,614.70
Other expenses	<b>30</b>		32,348.05		40,958.24
<b>Total</b>			<b>2,80,379.36</b>		<b>3,60,494.49</b>
<b>Loss before exceptional and extra ordinary items and tax</b>			<b>(23,124.78)</b>		<b>(12,044.08)</b>
Exceptional Items	<b>31.1</b>		12,392.17		20,561.40
<b>Loss before extraordinary items and tax</b>			<b>(35,516.95)</b>		<b>(32,605.48)</b>
Extraordinary Items	<b>31.2</b>		3,184.62		0.00
<b>Loss before Tax</b>			<b>(38,701.57)</b>		<b>(32,605.48)</b>
<b>Tax Expense</b>					
(a) Current Tax			-		11.02
(b) Adjustments relating to earlier years			-		1,631.39
(c) Deferred Tax	<b>9</b>		499.20		(10,691.79)
<b>Profit / (Loss) after tax before Minority Interest</b>			<b>(39,200.77)</b>		<b>(23,556.10)</b>
Share of Loss transferred to Minority Interest			-		-
Share of Loss from Associate Company			-		-
<b>Profit / (Loss) for the year</b>			<b>(39,200.77)</b>		<b>(23,556.10)</b>
<b>Earnings per equity share of face value of ₹1/- each</b>					
Basic and Diluted	<b>36</b>		(6.55)		(3.94)
<b>Corporate Information and Significant Accounting Policies</b>	<b>1-3</b>				

Accompanying Notes form an integral part of the Financial Statements

As per our report of even date attached

For and on behalf of the Board

for **M. Bhaskara Rao & Co.,**  
Chartered Accountants

**K S Raju**  
Chairman

**Chandra Pal Singh Yadav**  
**D. Ranga Raju**  
**M P Radhakrishnan**  
**Dr. NCB Nath**  
**Pawan Kumar**  
**S R Ramakrishnan**  
**Shailendra Govind Nadkarni**  
**Yogesh Rastogi**  
Directors

**M. V. Ramana Murthy**  
Partner

Hyderabad  
May 16, 2015

**M Ramakanth**  
Company Secretary

**Sudhir Bhansali**  
Chief Financial Officer

**K Rahul Raju**  
Managing Director

## Consolidated Cash Flow Statement for the year ended March 31, 2015

₹ in Lakhs

Particulars	2014-15	2013-14
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax	(38,701.57)	(32,605.48)
Adjustments:		
Depreciation / Amortisation	9,350.50	12,614.70
Provision for Impairment	3,184.62	-
Provision for Doubtful Debts / Advances	846.38	-
Finance Cost	23,649.34	28,174.61
Provision for Diminution in value of Investment	-	17.50
Exchange Fluctuations	300.47	-
(Profit) / Loss on sale of assets / assets discarded / assets decapitalised	1,684.09	471.15
<b>Operating Profit before working capital changes</b>	<b>313.83</b>	<b>8,672.48</b>
Movements in working capital:		
Increase / (decrease) in trade payables	2,860.20	85,082.26
Increase / (decrease) in long term provisions	(1,667.03)	176.23
Increase / (decrease) in short term provisions	273.27	61.12
Increase / (decrease) in other current liabilities	1,288.79	(497.75)
Increase / (decrease) in other long term liabilities	130.76	549.70
Decrease / (increase) in trade receivables	25,435.47	1,10,948.05
Decrease / (increase) in inventories	8,640.42	(789.84)
Decrease / (increase) in long term loans and advances	(496.12)	(187.00)
Decrease / (increase) in short term loans and advances	10,159.76	(8,770.61)
Decrease / (increase) in other current assets	113.91	673.14
<b>Cash generated from / (used in) operations</b>	<b>47,053.26</b>	<b>1,95,917.78</b>
Direct Taxes Paid (net of refunds)	(3,615.30)	(58.57)
<b>Net cash flow from operating activities</b>	<b>43,437.96</b>	<b>1,95,859.21</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets and CWIP	(2,223.99)	(6,581.06)
Margin Money Deposits	(1,643.85)	12,578.30
Fixed Deposits	(1.14)	(1.11)
Proceeds from Sale of Fixed Assets	21.73	21.65
Foreign Currency Translation Reserve	27.78	758.47
<b>Net cash flow from / (used) in investing activities</b>	<b>(3,819.47)</b>	<b>6,776.25</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term Borrowings	5,000.00	1,375.38
Increase / (decrease) in buyers / suppliers credit	(11,195.95)	(1,67,259.22)
Repayment of Long Term Borrowings	(13,990.00)	(17,070.10)
Finance Cost paid	(22,616.44)	(30,720.98)
Dividend paid	(3.09)	(5.71)
<b>Net cash flow used in financing activities</b>	<b>(42,805.48)</b>	<b>(2,13,680.63)</b>
<b>Net Increase / (decrease) in cash and Cash equivalents</b>	<b>(3,186.99)</b>	<b>(11,045.17)</b>
<b>Cash and cash equivalents as at beginning of the year</b>	<b>6,484.74</b>	<b>17,529.91</b>
<b>Cash and cash equivalents as at end of the year</b>	<b>3,297.75</b>	<b>6,484.74</b>

Accompanying Notes form an integral part of the Financial Statements  
As per our report of even date attached

For and on behalf of the Board

for **M. Bhaskara Rao & Co.,**  
Chartered Accountants

**K S Raju**  
Chairman

**Chandra Pal Singh Yadav**  
**D. Ranga Raju**  
**M P Radhakrishnan**  
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Partner

**M Ramakanth**  
Company Secretary

**Sudhir Bhansali**  
Chief Financial Officer

**K Rahul Raju**  
Managing Director

Hyderabad  
May 16, 2015

## Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

### 1. Corporate Information:

Kakinada Fertilizers Limited (KFL), was incorporated as a wholly owned subsidiary to Nagarjuna Fertilizers and Chemicals Limited (erstwhile NFCL) in 2009-10 to manufacture, market fertilizers and allied agri inputs. Through a Composite Scheme of Arrangement and Amalgamation (the Scheme), KFL acquired the residual business of erstwhile NFCL and the business of Iksan Limited effective from April 01, 2011. KFL changed its name to Nagarjuna Fertilizers and Chemicals Limited w.e.f August 19, 2011 as per the Scheme. The financial statements presented herewith for the year ended on March 31, 2015 relates to the combined operations of the Company's Fertilizer, Micro Irrigation, Agri Informatic Services and Wind Energy generation businesses.

### 2. Significant Accounting Policies:

#### 2.1. Principles of Consolidation:

The consolidated financial statements relate to Nagarjuna Fertilizers and Chemicals Limited and its subsidiary companies (together referred to herein as "the Company" or "Group"), and have been prepared on the following basis:

- a) The financial statements of the Company and its subsidiary companies have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra group balances and un realised profits or losses on intra group transactions as per Accounting Standards (AS) 21- "Consolidated Financial Statements" notified by the Companies (Accounts) Rules, 2014.
- b) In case of associates where the Company directly or indirectly through its subsidiaries holds more than 20% of Equity, Investments in Associates are accounted under the equity method as per Accounting Standard (AS) 23 – "Accounting for Investments in Associates in Consolidated Financial Statements" notified by the Companies (Accounts) Rules, 2014.
- c) The financial statements of the subsidiaries and the associates used in the consolidation are drawn up to the same reporting date as that of the Company, i.e., March 31, 2015.
- d) The excess of the cost to the Company of its investment in the subsidiaries over the Company's share of equity is recognized in the financial statements as Goodwill and tested for impairment annually.
- e) The excess of the Company's share of equity of the subsidiaries on the acquisition date, over its cost of investment is treated as Capital Reserve.
- f) Minority interest in the net assets of the consolidated subsidiaries is identified and presented in consolidated balance sheet separately from current liabilities and equity of the Company.

Minority interest in the net assets of consolidated subsidiaries consists of: i) The amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and ii) The minorities' share of movements in the equity since the date the parent subsidiary relationship came into existence.

- g) Minority interest in the net profit / (loss) for the year of consolidated subsidiaries is identified and adjusted against the profit after tax of the group.
- h) Intra-group balances and intra-group transactions and resulting unrealized profits / losses have been eliminated.
- i) In case of foreign subsidiaries being non integral foreign operations, revenue items are consolidated at monthly average of exchange rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in "Foreign Currency Translation Reserve".
- j) The consolidated financial statements are prepared to the extent possible using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.

2.2. Investment in subsidiaries and associates not considered for consolidation have been accounted as per Accounting Standard (AS) 13 – "Accounting for Investments" notified by the Companies (Accounts) Rules, 2014.

### 3. Other Significant Accounting Policies

#### 3.1. Basis of preparation:

The financial statements of the Company are prepared on accrual basis, under historical cost convention. The Financial Statements of the Company have been prepared in accordance with G.A.A.P in India ("Indian GAAP") to comply with accounting standards specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the Act/ the Companies Act, 1956, as applicable.

The accounting policies adopted in the preparation of financial statements are consistent with those of the preceding year.

## Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

### 3.2. Use of Estimates:

The preparation of the financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

### 3.3. Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

### 3.4. Operating Cycle:

The Company has adopted its normal operating cycle as twelve months based on the nature of products and the time between the acquisition of assets for processing and their realisation, for the purpose of current / non-current classification of assets and liabilities.

### 3.5. Fixed Assets:

**3.5.1. Tangible Assets:** Fixed assets are carried at cost of acquisition or construction less accumulated depreciation. The cost includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take substantial period of time to get ready for their intended use are capitalised.

**3.5.2. Intangible Assets:** The cost of intangible assets acquired in an Amalgamation in the nature of purchase is stated at fair value as at the date of amalgamation. Following initial recognition, intangible assets are carried at cost as reduced by accumulated amortization and accumulated impairment, if any.

### 3.6. Impairment of Assets:

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

### 3.7. Depreciation on Fixed Assets:

**3.7.1.** Depreciable amount of assets is the cost of an asset, or other amount substituted for cost less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight line method as per the useful lives prescribed in Schedule II to the Act except in respect of following category of assets, in whose case the life of the assets has been assessed based on technical assessment, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, adopted technological changes, maintenance etc.,

Sl. No.	Description	Useful life as per Schedule II of Companies Act 2013	Useful life adopted by the Company
1	Continuous Process Plants	25 years	37 years

**3.7.2.** Intangible assets are amortized over a period of ten years on straight line basis.

### 3.8. Investments:

Investments are classified as Non Current and Current. Non Current Investments are carried at cost less provision for other than temporary diminution, if any, in value of such investments. Current investments are carried at lower of cost and fair value.

## Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

### 3.9. Foreign currency transactions:

Foreign currency transactions are accounted at the exchange rates prevailing on the date of transaction. Gains and Losses resulting from settlement of such transactions are recognised in the Statement of Profit and Loss.

Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end rates. The difference in translation of monetary assets and liabilities and realized gains and losses on foreign currency transactions are recognised in the Statement of Profit and Loss. Premium or discount arising on forward exchange contracts is recognized in the Statement of Profit and Loss.

Liabilities related to foreign currency transactions incurred to acquire fixed assets remaining unsettled at the end of the year are translated at year end rates. The difference arising on such translation and realized gain or loss is adjusted to the cost of respective fixed asset.

Foreign branches are classified as integral foreign operations. Assets and Liabilities (both monetary and non monetary) are translated at the closing rate at the year end. Income and Expenses are translated at the monthly average rate at the end of the respective month.

The difference in translation of monetary assets and liabilities forms part of an enterprise's net investment in a non-integral foreign operations i.e. Subsidiaries/Associates and realized gains and losses on foreign currency transactions, are accumulated in a separate account 'Foreign Currency Translation Reserve' till the disposal of the Investment.

### 3.10. Borrowing Costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time i.e. more than twelve months to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss.

### 3.11. Revenue recognition:

**Subsidy:** Group Concession Price under Group Concession Scheme (GCS) and Equated Freight are recognized in accordance with the norms prescribed by the Government of India – Fertiliser Industry Co-ordination Committee.

**Sale of goods:** The Company recognises revenue on sale of products, net of discounts and applicable Taxes i.e., VAT, Sales tax, CST etc., when the product is shipped to customer i.e., when the risks and rewards of ownership are passed on to the customer.

**Income from services:** The Company recognises income from services, net of service tax, towards supply of manpower in terms of the respective contracts.

### 3.12. Grants in Aid:

Grants in Aid received towards meeting revenue expenditure are treated as other income and Grants in Aid received in respect of capital assets are adjusted to cost of respective asset in the relevant financial year.

### 3.13. Inventories:

The method of valuation of inventories:

#### 3.13.1. Manufactured Products:

- a) Finished goods - at lower of cost and net realisable value.
- b) Work in process - at cost.

Cost - includes material cost, labour, factory overheads and depreciation.

Net realisable value in the case of Urea –

- the Group Concession Price notified by the Government of India in respect of finished goods lying at the factory, and
- the net sale price in respect of finished goods lying in the warehouses outside the factory.

#### 3.13.2. Traded products - at lower of cost and net realisable value.

**3.13.3.** Other finished goods, work-in-process, raw materials, stores, spares, packing material and loose tools - at weighted average cost, less provision for depletion in value, if any.

### 3.14. Employee Benefits:

Liability for employee benefits, both short and long term, for present and past services which are due as per the terms of employment are recorded in accordance with Accounting Standard (AS) 15 "Employee Benefits".

## Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

**3.14.1. Gratuity:** In accordance with the Payment of Gratuity Act, 1972 the Company provides for gratuity covering eligible Employees. The liability towards gratuity is provided on the basis of valuation by an independent actuary as at the year end. Liability on account of gratuity is covered by a policy with Life Insurance Corporation ('LIC').

**3.14.2. Superannuation:** The Company makes monthly contribution to an approved superannuation fund covered by a policy with LIC of India. The Company has no further obligation beyond the monthly contribution.

**3.14.3. Compensated Absences:** Liability for compensated absence is treated as a long term liability and is provided on the basis of valuation by an independent actuary as at the year end. Liability on account of compensated absences is covered by a policy with Life Insurance Corporation ('LIC').

**3.14.4. Provident Fund:** The Company's Contribution towards provident fund, administered and managed by an approved trust, is charged to the Statement of Profit and Loss.

### 3.15. Research and Development:

Expenditure relating to capital items is treated as fixed assets and depreciated at applicable rates. Revenue expenditure is charged to Statement of Profit and Loss in the year in which they are incurred.

### 3.16. Leases:

The Company's leasing arrangements are mainly in respect of operating leases for premises. The leasing arrangements range from 11 months to 5 years generally and are cancellable / renewable by mutual consent on agreed terms. The aggregate lease rents payable are charged as rent in the Statement of Profit and Loss.

### 3.17. Taxes:

**3.17.1. Current Tax:** Provision for current tax is made based on the taxable income computed for the year under the Income Tax Act, 1961.

**3.17.2. Deferred Taxes:** Deferred tax is recognised on timing differences, being the difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets are reviewed at each balance sheet date for their realisability.

### 3.18. Earnings Per Share:

Basic earnings per equity share is computed by dividing the net profit for the year attributable to the Equity Shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit for the year, adjusted for the effects of dilutive potential equity shares, attributable to the Equity Shareholders by the weighted average number of the equity shares and dilutive potential equity shares outstanding during the year except where the results are anti-dilutive.

### 3.19. Provisions, Contingent Liabilities and Contingent Assets:

The Company recognises provisions when there is present obligation as a result of past event and it is probable that there will be an outflow of resources and reliable estimate can be made of the amount of the obligation. A disclosure for Contingent liabilities is made when there is a possible obligation or present obligations that may, but probably will not, require an outflow of resources. Contingent assets are neither recognised nor disclosed in the financial statements.

## 4. Consolidated Accounts:

(a) The subsidiaries considered in the preparation of these consolidated financial statements are:

Particulars	Country of Incorporation	Percentage of voting power	
		March 31, 2015	March 31, 2014
(i) Nagarjuna Industrial Services and Investments Private Limited	Mauritius	100.00%	100.00%
(ii) Jaiprakash Engineering and Steel Company Limited	India	99.84%	99.84%
(iii) Spawnt Private S.a.r.l Luxemborg (Step-down subsidiary)	Luxemborg	100.00%	-

### (b) Associates:

The details of associates of the Company as defined in Accounting Standard 23 "Accounting for Investments in associates in consolidated financial statements" .

## Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

Particulars	Country of Incorporation	Percentage of voting power	
		March 31, 2015	March 31, 2014
(i) Nagarjuna Agricultural Research and Development Institute <sup>1</sup>	India	25.00%	25.00%
(ii) K.V.K.Raju International Leadership Academy <sup>1</sup>	India	42.85%	42.85%
(iii) Nagarjuna Spawnt GmbH <sup>2</sup>	Germany	-	24.00%

<sup>1</sup>The investments in associates are not considered for consolidation as the Companies are registered under Section 25 of the Companies Act, 1956, and by law are not allowed to transfer any funds to the investing company. These investments are accounted for in accordance with Accounting Standard 13 – “Accounting for Investments”.

<sup>2</sup>Declared insolvent in November, 2014.

### 5. Composite Scheme of Arrangement and Amalgamation:

The jurisdictional High Courts of Bombay and Andhra Pradesh had approved the Composite Scheme of Arrangement and Amalgamation between the Company, erstwhile Nagarjuna Fertilizers and Chemicals Limited and Nagarjuna Oil Refinery Limited and I किसान Limited and their respective shareholders and creditors (‘the Scheme’) as per the provisions of Sections 391 – 394 and other relevant provisions of the Companies Act, 1956 on June 17, 2011 and June 27, 2011 respectively. The Scheme was made effective on July 30, 2011 but operative from Appointed Date, i.e. April 1, 2011.

Consequent to Scheme becoming effective, the financial statements for the subsequent years have been drawn up incorporating the necessary adjustments as envisaged in the Scheme.

The Bombay Stock Exchange vide letter dated December 14, 2011 approved the application of the Company for listing of the equity shares and the National Stock Exchange vide letter dated January 13, 2012 accorded in-principle approval for listing of the equity shares. These approvals are subject to relaxation by Securities and Exchange Board of India (SEBI) from requirements under Rule 19(2)(b) of Securities Contracts (Regulation) Rules, 1957.

An application has been filed by SEBI in the High Court of Bombay at Mumbai to recall / review and / or set aside the order dated June 17, 2011 and Order dated July 22, 2011 of the High Court of Bombay at Mumbai. The Company is contesting the application, the matter is sub-judice and the High Court of Bombay at Mumbai is hearing the matter.

The Company, in view of the prolonged delay by SEBI, has filed an Application before Securities Appellate Tribunal (SAT) to direct SEBI to grant relaxation / waiver of Rule 19(2)(b) of Securities Contract (Regulation) Rules, 1957.

Adjustments, if any, required to the financial statements will be made on final resolution of this matter.

### 6. Share Capital:

Particulars	March 31, 2015		March 31, 2014	
	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
<b>Authorised</b>				
Equity Shares of ₹1/- each	6,21,00,00,000	62,100.00	6,21,00,00,000	62,100.00
Preference Shares of ₹90/- each	1,80,00,00,000	18,000.00	1,80,00,00,000	18,000.00
<b>Issued, Subscribed and Paid Up</b>				
Equity Shares of ₹1/- each	59,80,65,003	5,980.65	59,80,65,003	5,980.65

#### 6.1. Reconciliation of the Number of shares outstanding at the beginning and at the end of the reporting year.

Particulars	March 31, 2015		March 31, 2014	
	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
<b>Equity Shares of ₹1/- each</b>				
Balance at the beginning of the year	59,80,65,003	5,980.65	59,80,65,003	5,980.65
Add: On allotment during the year	-	-	-	-
Balance at the end of the year	59,80,65,003	5,980.65	59,80,65,003	5,980.65

#### 6.2. Rights, Preferences and Restrictions attached to equity shares

The Company has only one class of equity shares having a par value of ₹1/- per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

## Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

### 6.3. Details of shareholders holding more than 5% of the Shares

Particulars	March 31, 2015		March 31, 2014	
	No. of shares	% of holding	No. of shares	% of holding
<b>Equity Shares of ₹1/- each</b>				
Amlika Mercantile Private Limited (Refer Note 6.3.1)	12,70,68,520	21.25	12,70,68,520	21.25
Nagarjuna Management Services Private Limited (Refer Note 6.3.1.1)	7,85,92,592	13.14	7,85,92,592	13.14
Nagarjuna Holdings Private Limited (Refer Note 6.3.1.1)	3,46,26,130	5.79	3,46,26,130	5.79
Zuari Global Limited	3,22,67,741	5.40	3,22,67,741	5.40
Baron Properties Private Limited (Refer Note 6.3.1.1)	1,82,98,969	3.06	1,82,98,969	3.06
White Stream Properties Private Limited (Refer Note 6.3.1.1)	30,19,060	0.50	30,19,060	0.50
Nagarjuna Staff Betterment Company Private Limited (Refer Note 6.3.1.2)	87,23,277	1.46	87,23,277	1.46
NFCL Employees Welfare Trust (Refer Note 6.3.2)	2,57,43,525	4.30	-	-

**6.3.1.** The Company has received disclosure from Amlika Mercantile Private Limited (Amlika) informing of amalgamation of Nagarjuna Corporation Limited (NCL) pursuant to a Scheme of Amalgamation approved by the Hon'ble High Court of Bombay at Mumbai on May 2, 2014 which was made effective on June 19, 2014.

Pursuant to the amalgamation, following shares held by NCL shall stand/vest in Amlika:

**6.3.1.1.** Shares held by Nagarjuna Management Services Private Limited, Nagarjuna Holdings Private Limited, Baron Properties Private Limited and White Stream Properties Limited shall stand transferred and vested in Amlika (erstwhile NCL) pursuant to a Composite Scheme of Arrangement and Amalgamation approved by the Hon'ble High Court of Bombay at Mumbai on September 14, 2012.

**6.3.1.2.** Shares held by Nagarjuna Staff Betterment Company Private Limited (NSB) shall stand transferred and vested in Amlika (erstwhile NCL) pursuant to a Scheme of Amalgamation between NCL and NSB which was approved by the Hon'ble High Court of Bombay at Mumbai on March 22, 2012.

**6.3.2.** The Company has received disclosure dated July 23, 2014 from Amlika that it had acquired 2,57,43,525 equity shares from NFCL Employees Welfare Trust.

**6.3.3.** As at the year end, shares totaling to 29,60,72,073 shares i.e. 49.50% shall be held/ vest in Amlika.

### 6.4. Aggregate number of shares issued for consideration other than cash

59,80,65,003 equity shares of ₹1/- each (aggregating to ₹5,980.65 Lakhs) were allotted as fully paid up pursuant to a Composite Scheme of Arrangement and Amalgamation during the year 2011-12.

## 7. Reserves and Surplus:

Particulars	₹ in Lakhs	
	March 31, 2015	March 31, 2014
<b>Capital Reserve</b>		
Opening Balance	90,843.26	90,843.26
Add: On account of Consolidation	435.83	-
	<b>91,279.09</b>	<b>90,843.26</b>
<b>Securities Premium Account</b>		
Opening Balance	<b>1,09,619.35</b>	<b>1,09,619.35</b>
<b>Foreign Currency Translation Reserve</b>		
Opening Balance	1,779.83	472.76
Add: Effect of Foreign exchange variation during the year	(608.76)	1,307.07
Closing Balance	<b>1,171.07</b>	<b>1,779.83</b>
<b>Debenture Redemption Reserve (Refer Note 8.1.2.2)</b>		
Opening Balance	2,087.99	3,194.94
Less: Transfer to General Reserve	-	1,106.95
Closing Balance	<b>2,087.99</b>	<b>2,087.99</b>

## Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

₹ in Lakhs

Particulars	March 31, 2015	March 31, 2014
<b>General Reserve</b>		
Opening Balance	18,058.65	16,951.69
Add: On account of Consolidation	-	-
Add: Transfer from Debenture Redemption Reserve	-	1,106.95
Less: Depreciation adjustment (Refer Note 15.2) (Net of Deferred Tax ₹ 562.05 Lakhs)	6,764.07	-
Closing Balance	<b>11,294.57</b>	<b>18,058.64</b>
<b>Surplus / (Deficit) in Statement of Profit and Loss</b>		
Opening Balance	(12,072.92)	11,483.18
Less : Adjustment on impairment loss	3.79	-
Add: Profit / (Loss) after tax for the year	(39,200.77)	(23,556.10)
Closing Balance	<b>(51,269.90)</b>	<b>(12,072.92)</b>
<b>Total</b>	<b>1,64,182.17</b>	<b>2,10,316.15</b>

### 8. Long Term Borrowings:

₹ in Lakhs

Particulars	Non Current		Current	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
<b>A Non Convertible Debentures of ₹ 100/- each (Secured) (Refer Note 8.1.1)</b>				
1,53,30,000 Debentures 15% Redeemable Non-convertible of ₹100/- each	-	2,715.17	2,715.17	2,941.44
30,00,000 Debentures 14.5% Redeemable Non-convertible of ₹ 100/- each	-	360.00	360.00	390.00
80,00,000 Debentures 15% Redeemable Non-convertible of ₹100/- each	-	264.02	264.02	381.36
25,00,000 Debentures 15% Redeemable Non-convertible of ₹100/- each	-	225.00	225.00	325.00
30,00,000 Debentures 13.25% Redeemable Non-convertible of ₹100/- each	-	360.00	360.00	390.00
<b>B Non Convertible Debentures of ₹ 1/- each (Secured) (Refer Note 8.1.2)</b>				
92,43,91,006 Debentures 10.25% Redeemable Non-convertible of ₹1/- each	6,162.61	-	3,081.30	-
	<b>6,162.61</b>	<b>3,924.19</b>	<b>7,005.49</b>	<b>4,427.80</b>
<b>Term Loans (Secured)</b>				
From Banks				
In Rupees (Refer Note 8.2)	500.00	4,477.75	3,977.75	8,443.49
In Foreign Currency (Refer Note 8.2 and 8.3)	3,542.20	5,148.70	1,833.30	2,355.45
From Others (Refer Note 8.2 and 8.4)				
In Rupees	552.00	1,742.91	1,194.99	1,471.16
<b>Corporate Loan (Secured)</b>				
From Banks				
In Rupees (Refer Note 8.5)	4,400.00	-	400.00	-
<b>Deferred Payment Liabilities (Unsecured) (Refer Note 8.6)</b>				
Sales tax Deferral	3,728.40	3,883.82	390.71	641.39
<b>Total</b>	<b>18,885.21</b>	<b>19,177.37</b>	<b>14,802.24</b>	<b>17,339.29</b>
<b>The above amount includes:</b>				
Secured Borrowings	15,156.81	15,293.55	14,411.53	16,697.90
Unsecured Borrowings	3,728.40	3,883.82	390.71	641.39
Amount disclosed under the head "Other Current Liabilities" (Refer Note 14)	-	-	(14,802.24)	(17,339.29)
<b>Net amount</b>	<b>18,885.21</b>	<b>19,177.37</b>	-	-

## Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

### 8.1. Debentures (Secured):

**8.1.1.** The Non convertible Debentures of ₹100/- each together with accrued interest, remuneration and other expenses thereof are secured by a registered mortgage and an exclusive charge on the Company's immovable property situated at Ahmedabad.

Further secured by an equitable mortgage and a charge on the other immovable and movable properties of the Company in favour of the debenture trustees, save and except stock in trade, book debts given as security to banks for obtaining working capital facilities and assets given on lease with exclusive charge in favour of the funding institution.

**8.1.1.1.** The details of rate of interest and redemption of debentures are as under:

Bank / Institution	No. of Debentures	Effective Rate of interest %	Repayment Schedule
ICICI Bank Limited	1,53,30,000	lbase +2.25	21 Quarterly Installments commencing from March 2011
LIC of India	30,00,000	11.50	41 Structured Quarterly Installments commencing from March 2006
IFCI Limited	80,00,000	13.50	41 Structured Quarterly Installments commencing from March 2006
IFCI Limited	25,00,000	13.50	41 Structured Quarterly Installments commencing from March 2006
LIC of India	30,00,000	11.50	41 Structured Quarterly Installments commencing from March 2006

**8.1.1.2.** Details of default in repayment of debentures as at the year end are:

Particulars	March 31, 2015		March 31, 2014	
	Period of Default	₹ In Lakhs	Period of Default	₹ In Lakhs
<b>Principal</b>				
ICICI Bank Limited	1 Day	735.36	-	-
IFCI Limited	1 Day	176.59	-	-
LIC of India	1 Day	195.00	-	-
<b>Interest</b>				
ICICI Bank Limited	1-31 Days	61.49	-	-
IFCI Limited	1 Day	20.02	-	-
LIC of India	1 Day	26.74	-	-

**8.1.2.** The Company has issued during the year 1,00,41,00,000 Non Convertible Debentures of ₹1/- each to banks and financial institutions towards settlement of recompense amount determined by the Corporate Debt Restructuring - Empowered Group, which are redeemable in 18th, 30th and 42nd months from the date of exit of CDR package i.e., June 20, 2014 being the date of allotment. The Debentures carry an interest rate of 10.25% per annum.

**8.1.2.1. Security:** The above NCD's are secured by subservient charge on the fixed assets of the Company. As at the year end, the Company is in the process of registration of security.

**8.1.2.2.** The Company has not created debenture redemption reserve for the 10.25% Secured Redeemable Non-convertible Non-Cumulative Debentures due to non availability of profits.

### 8.2. Term Loans – In Rupees and in Foreign currency from Banks and Financial institutions:

**8.2.1.** Term loans from banks and financial institutions, together with interest accrued thereon, are secured by way of:

- a first charge on the fixed assets of the Company ranking pari-passu, inter se, the lenders;
- a second charge on the current assets of the Company; and
- a charge created through an equitable mortgage by deposit of title deeds of certain specified immovable properties of the Company other than those mentioned in Note 8.1.1, 8.3.1, 8.4.1 and 8.5.1.

**8.2.2.** Further secured by pledge of 2,25,61,693 equity shares held in subsidiary company – Jaiprakash Engineering and Steel Company Limited in favour of Banks / Financial Institutions for the term loans availed by the Company.

**8.2.3.** All the Term Loans from Financial Institutions and Banks, Counter Guarantees from banks are guaranteed by Shri K.S.Raju, Chairman of the Company.

**8.2.4.** The details of rate of interest and repayment of Term Loans are as under:

## Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

₹ in Lakhs

Bank / Institution	Rate of Interest %	Balance as on March 31, 2015	Repayment Schedule		
			Number of Installments	Frequency	Commencing from
<b>Rupee Loans - Bank</b>					
IDBI Bank Limited	BBR +2.25	3,547.75	41	Quarterly	Mar-06
IDBI Bank Ltd	12.40	1,500.00	20	Quarterly	Oct-11
State Bank of India	13.95	895.00	20	Quarterly	Dec-11
<b>Total</b>		<b>5,942.75</b>			
<b>Foreign Currency Loan - Bank</b>					
ICICI Bank Limited - Hongkong	6Month	1,654.68	10	Half Yearly	Feb-11
	Libor + 2.00				
<b>Rupee Loans - Institution</b>					
IFCI Limited	13.50	914.68	41	Quarterly	Mar-06
LIC of India	11.50	8.56	41	Quarterly	Mar-06
SICOM Limited	11.50	456.52	41	Quarterly	Mar-06
<b>Total</b>		<b>1,379.76</b>			

8.2.5. Details of default in repayment of Term Loans and interest, as at the year end, are:

Particulars	March 31, 2015		March 31, 2014	
	Period of Default	₹ In Lakhs	Period of Default	₹ In Lakhs
<b>Principal</b>				
IDBI Bank Limited	1 Day	1,280.00	-	-
State Bank of India	1 Day	185.00	-	-
ICICI Bank Limited (ECB)	1 -37 Days	715.85	-	-
IFCI Limited	1 Day	242.65	-	-
LIC of India	1 Day	4.60	-	-
SICOM Limited	1 Day	97.50	-	-
<b>Interest</b>				
State Bank of India	1 Day	10.60	-	-
IFCI Limited	1 Day	30.57	-	-
LIC of India	1 Day	0.26	-	-
SICOM Limited	1 Day	15.56	-	-

8.3. Term Loans – In Foreign Currency from Banks:

8.3.1. Term Loan in Foreign Currency is secured by First charge on Wind power assets situated at Amdhapuram site in Tirunelveli District, Tamilnadu acquired out of the said loan and residual / subservient charge on the current assets of the Company.

8.3.2. Details of rate of interest and repayment are as under.

₹ in Lakhs

Bank / Institution	Rate of Interest %	Balance as on March 31, 2015	Repayment Schedule
ICICI Bank Limited - HongKong	6 Month Libor +5.80	4,436.64	15 Half Yearly Installments commencing from February, 2012

8.4. Term Loans – In Rupees from Others:

8.4.1. The term loan from Department of Bio Technology (DBT) availed for Process Development Unit is secured by way of hypothecation of all equipment, apparatus, machineries, spare tool and other accessories and goods and / or the other movable properties of the Company acquired for the project.

8.4.2. Details of rate of interest and repayment are as under.

₹ in Lakhs

Name	Rate of Interest %	Balance as on March 31, 2015	Repayment Schedule
Department of Bio Technology2	648.00	10	Semi annual Installments commencing from October 31, 2014
Department of Bio Technology2	64.00	10	Semi annual Installments commencing from June 30, 2014

## Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

### 8.5. Corporate Loan:

**8.5.1** Rupee loan availed from State Bank of India is secured by first charge on chargeable current assets of the Company ranking pari-passu with other banks in the consortium and second charge on the Company's present and future immoveable properties ranking pari-passu with working capital lenders. (Refer Note 8.2.3)

**8.5.2.** Details of rate of interest and repayment are as under:

₹ in Lakhs

Bank / Institution	Rate of Interest %	Balance as on March 31, 2015	Repayment Schedule		
			Number of Installments	Frequency	Commencing from
State Bank of India	13.95	4,900.00	20	Quarterly	Dec-14

**8.5.3.** The Company has defaulted in payment of interest of ₹ 69.76 Lakhs and installment of ₹100.00 Lakhs by one day as at the year end.

### 8.6. Sales Tax Deferral:

The Govt. of Andhra Pradesh has extended to the Company, the incentive of sales tax deferral scheme pursuant to which the sales tax attributable to the sales effected out of production is deferred (interest-free) for a period of 14 years from March 19, 1998. The deferred sales tax in respect of above outstanding as on March 31, 2015 is ₹ 7,664.14 Lakhs (Previous Year ₹ 8,305.54 Lakhs) based on the sales tax returns for which repayments commenced from March 19, 2012. There are no overdue installments as at the year end.

### 9. Deferred Tax Liabilities (Net):

Deferred Tax Liability as at year end in respect of timing differences comprises the following:

₹ in Lakhs

Particulars	Nature	March 31, 2015	March 31, 2014
On account of Depreciation / amortization	Liability	18,398.89	19,010.92
On account of Employee benefit provision	Asset	228.43	815.81
On account of Unabsorbed Business Loss / Depreciation	Asset	6,296.71	6,296.71
On account of Disallowances u/s 43B	Asset	3,393.47	3,321.29
On account of Amalgamation expenses	Asset	34.01	68.00
<b>Total</b>	<b>Net Liability</b>	<b>8,446.27</b>	<b>8,509.11</b>
Charge / (Credit) for the year		499.21	(10,691.79)
Charge / (Credit) to General Reserve (Refer Note 15.2)		(562.05)	0.00

### 10. Other Long Term Liabilities:

₹ in Lakhs

Particulars	March 31, 2015	March 31, 2014
Deposits from dealers	5,035.05	4,464.47
Other Deposits - (Retention, EMD etc.)	244.25	184.07
Recompense payable (Refer Note 8.1.2)	-	9,857.58
<b>Total</b>	<b>5,279.30</b>	<b>14,506.12</b>

### 11. Provisions:

₹ in Lakhs

Particulars	Non Current		Current	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Provision for employee benefits				
- Leave Benefit	374.48	2,041.51	297.57	70.06
- Gratuity	-	-	-	288.57
Provision for Taxation (net of Advance Tax ₹ Nil (Previous year ₹ 13,901.84 Lakhs))	-	-	-	3,274.78
<b>Total</b>	<b>374.48</b>	<b>2,041.51</b>	<b>297.57</b>	<b>3,633.41</b>

## Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

### 12. Short Term Borrowings:

₹ in Lakhs

Particulars	March 31, 2015	March 31, 2014
<b>Loans repayable on demand</b>		
<b>Secured (Refer Note 12.1)</b>		
From Banks		
In Rupees - Cash Credit	95,579.18	85,071.08
In Rupees - Short Term Loan	2,993.38	23,500.00
In Foreign Currency - Suppliers / Buyers Credit	1,686.68	12,882.63
<b>Total</b>	<b>1,00,259.24</b>	<b>1,21,453.71</b>

12.1. Working Capital facilities from banks are secured by hypothecation by way of first charge on current assets, stock in trade, book debts and stores and spares, present and future and second charge on the fixed assets of the Company. Working Capital facilities from banks are guaranteed by Shri K.S.Raju, Chairman of the Company.

### 13. Trade Payables:

₹ in Lakhs

Particulars	March 31, 2015	March 31, 2014
Trade Payables (Other than Acceptances)	1,01,249.65	87,754.39

13.1. Trade payable other than acceptances include certain dues to Micro and Small Enterprises, under the Micro, Small and Medium Enterprises Development Act, 2006 that have been determined based on the information available with the company and the required disclosures are given below:

₹ in Lakhs

Particulars	March 31, 2015	March 31, 2014
Principal amount remaining unpaid	Nil	Nil
Interest due thereon	Nil	Nil
Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year.	Nil	Nil
Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
Interest accrued and remaining unpaid	Nil	Nil
Further Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	Nil	Nil

### 14. Other Current Liabilities:

₹ in Lakhs

Particulars	March 31, 2015	March 31, 2014
Current maturities of long term debt (Refer Note 8 )	14,802.24	17,339.30
Unpaid matured Debentures and Interest accrued there on (Refer Note 8.1.1.2)	1,215.20	-
Term Loans outstanding for repayment (Refer Note 8.2.5 & 8.5.3)	2,625.60	-
Interest accrued but not due	1,003.97	430.40
Interest accrued and due (Refer Note 8.2.5)	224.05	-
Unclaimed Dividends (Refer Note 14.1)	658.87	661.96
Other payables		
Statutory Payables	1,704.82	678.50
Deposits	195.99	151.95
Others	1,583.65	1,176.81
Payable on purchase of fixed assets	103.55	400.23
<b>Total</b>	<b>24,117.94</b>	<b>20,839.15</b>

14.1. There are no amounts due for payment to the Investor Education Protection Fund as at the Balance Sheet date.

## Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

### 15. Fixed assets:

₹ in Lakhs

Particulars	Gross Block (At cost)					Depreciation							Net Block	
	As at March 31, 2014	Additions during the year	Additions during the year on account of consolidation (Refer Note 15.5)	Deductions/ Adjustments during the year	As at March 31, 2015	Upto March 31, 2014	Adjusted to Opening Reserves (Refer Note 15.2)	Opening depreciation on account of consolidation (Refer Note 15.5)	For the year	Deductions/ Adjustments	Impairment for the year (Refer Note 31.2.1)	Upto March 31, 2015	As at March 31, 2015	As at March 31, 2014
<b>Tangible Assets</b>														
Land	1,16,166.94	85.45	-	-	1,16,252.39	-	-	-	-	-	-	-	1,16,252.39	1,16,166.94
Buildings	14,686.23	69.82	-	-	14,756.05	1,172.72	-	-	759.59	-	-	1,932.31	12,823.74	13,513.51
Plant & Equipments	1,98,969.44	5,260.15	-	2,038.97	2,02,190.62	32,783.15	5,703.98	-	7,787.28	336.81	3,184.62	45,937.60	1,53,068.40	1,66,186.29
Furniture, Fixtures & Office Equipment	1,754.44	149.91	-	27.84	1,876.51	731.28	142.10	-	253.29	24.18	-	1,102.49	774.02	1,023.16
Vehicles	418.39	0.69	-	0.03	419.05	208.89	1.27	-	41.30	0.03	-	251.43	167.62	209.50
Roads, Drains & Culverts	908.81	4.01	-	-	912.82	43.96	725.69	-	11.03	-	-	780.68	132.14	864.85
Railway Siding	932.61	-	-	-	932.61	132.90	753.08	-	-	-	-	885.98	46.63	799.71
<b>Total</b>	<b>3,33,836.86</b>	<b>5,570.03</b>	<b>-</b>	<b>2,066.84</b>	<b>3,37,340.05</b>	<b>35,072.90</b>	<b>7,326.12</b>	<b>-</b>	<b>8,852.49</b>	<b>361.02</b>	<b>3,184.62</b>	<b>50,890.49</b>	<b>2,83,264.94</b>	<b>2,98,763.96</b>
Previous Year	3,29,711.60	4,684.05	-	558.79	3,33,836.86	23,015.59	-	-	12,123.30	65.99	-	35,072.90	2,98,763.96	3,06,696.01
<b>Intangible Assets</b>														
Trade Marks & Services	4,914.00	-	793.25	-	5,707.25	1,474.20	-	386.32	498.01	-	-	2,358.53	3,348.72	3,439.80
<b>Total</b>	<b>4,914.00</b>	<b>-</b>	<b>793.25</b>	<b>-</b>	<b>5,707.25</b>	<b>1,474.20</b>	<b>-</b>	<b>386.32</b>	<b>498.01</b>	<b>-</b>	<b>-</b>	<b>2,358.53</b>	<b>3,348.72</b>	<b>3,439.80</b>
Previous Year	4,914.00	-	-	-	4,914.00	982.80	-	-	491.40	-	-	1,474.20	3,439.80	3,931.20

15.1. Additions to Land during the year represents enhanced compensation paid for land at Kakinada ₹85.45 Lakhs (Previous Year ₹ 68.75 Lakhs).

15.2. Pursuant to Schedule II to the Companies Act 2013, becoming effective from April 1, 2014, the Company has adopted revised useful lives of the assets, aligning the same with those specified in schedule II. The Company has fully depreciated the carrying value of assets, net off residual value, where remaining life of the assets was determined to be NIL as on April 1, 2014 and has adjusted an amount of ₹6,764.07 Lakhs (net of deferred tax of ₹562.05 Lakhs) from General Reserve. Consequent to change in the useful lives of other assets, the impact on depreciation expense for the year was lower by ₹3,584.49 Lakhs.

15.3. Additions to Plant & Equipments during the year include ₹300.47 Lakhs (Previous Year ₹999.37 Lakhs) foreign exchange loss arising on account of restatement of foreign currency loan.

#### 15.4. Land & Buildings

- Includes 5 acres, the possession of which is yet to be taken, title under dispute.
- Excludes value of 33.35 acres, which is in the possession and use of the Company pending fixation of compensation by the State Government, value not ascertained.
- Excludes value of 14.06 acres pending completion of alienation and handing over possession by Govt of Andhra Pradesh, out of which 3.14 acres covered by restrictive provisions of Andhra Pradesh Land Reforms Act, 1973.

15.5. Represent consolidation of assets of Spawnt Private S.a.r.l, Luxembourg, which became a subsidiary to Nagarjuna Industrial Services and Investments Private Limited during the year.

### 16. Non Current Investments - Unquoted (At Cost):

Particulars	March 31, 2015		March 31, 2014	
	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
<b>Long Term</b>				
<b>In Associates</b>				
<b>In Equity Shares of ₹10/- each fully paid up</b>				
Nagarjuna Agricultural Research and Development Institute	25,020	2.50	25,020	2.50
KVK Raju International Leadership Academy	1,50,000	15.00	1,50,000	15.00
<b>Total</b>		<b>17.50</b>		<b>17.50</b>
Less: Provision for diminution in value of Investment		<b>17.50</b>		<b>17.50</b>
Aggregate cost of Quoted Investments		-		-
Aggregate cost of Un-Quoted Investments		<b>17.50</b>		<b>17.50</b>
Aggregate Market Value of Quoted Investments		-		-

17. In respect of Jaiprakash Engineering and Steel Company Ltd (JESCO), the project envisaged has not materialised. Karnataka Industrial Area Development Board (KIADB) had given possession of 986.52 acres of land (lease hold and free hold) for the project against payment of ₹ 3,053.65 Lakhs. JESCO approached KIADB for surrender of land allotted and refund of amount paid. KIADB agreed to reimburse the cost with a condition as and when KIADB receive request, JESCO lands will be offered and upon acceptance by potential investor amounts will be refunded to JESCO. As at the year end, JESCO is in possession of 548.70 acres of land. Hence in the opinion of the management there is no diminution in the value of investment.

## Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

### 18. Loans and Advances:

₹ in Lakhs

Particulars	Non Current		Current	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Capital Advances				
Secured (considered good)	-	132.56	-	-
Unsecured (considered good)	271.87	751.43	-	-
<b>Total - (A)</b>	<b>271.87</b>	<b>883.99</b>	-	-
Loans and Advances - Unsecured (considered good)				
Security Deposits	678.05	669.60	121.23	100.06
Deposit with KIADB - Land (Refer Note 17)	1,759.50	1,759.47	-	-
Loans and advances to related parties	879.21	386.82	12.40	8,620.61
Advance Recoverable in Cash or in Kind	-	-	5,602.54	7,650.35
Advance Income Tax (net of provision for taxation ₹ 17,241.15 Lakhs (Previous year ₹ Nil))	6.19	-	334.33	-
Prepaid Expenses	4.59	9.17	1,194.02	1,052.28
Loans to Employees	-	-	3.41	3.42
Balance with Customs Authorities	0.15	0.32	36.98	39.64
Claims Receivable	-	-	4.41	2.73
<b>Total - (B)</b>	<b>3,327.69</b>	<b>2,825.38</b>	<b>7,309.32</b>	<b>17,469.09</b>
Less: Provision for Doubtful advances	-	-	362.11	-
<b>Total - (A+B)</b>	<b>3,599.56</b>	<b>3,709.37</b>	<b>6,947.21</b>	<b>17,469.09</b>

### 19. Inventories:

₹ in Lakhs

Particulars	March 31, 2015	March 31, 2014
Raw materials	851.58	333.18
Work in process	357.70	81.84
Finished Goods - Manufactured goods	2,680.16	1,657.25
Stock In Transit - Manufactured goods	828.56	73.34
Traded goods	8,731.30	17,746.02
Stock In Transit - Traded goods	36.70	39.11
Packing materials	739.22	828.91
Stores and Spares	2,245.70	4,353.94
Loose tools	9.50	7.25
<b>Total</b>	<b>16,480.42</b>	<b>25,120.84</b>

### 20. Trade Receivables: (Unsecured) (Refer Note 20.1)

₹ in Lakhs

Particulars	March 31, 2015	March 31, 2014
Debts outstanding over six months		
Considered good	15,383.80	22,350.45
Considered doubtful	814.19	333.71
Other debts considered good	91,653.17	1,10,602.47
	<b>1,07,851.16</b>	<b>1,33,286.63</b>
Less: Provision for doubtful debts	814.19	333.71
<b>Total</b>	<b>1,07,036.97</b>	<b>1,32,952.92</b>

20.1. Includes subsidy and other dues ₹ 77,387.24 Lakhs (Previous Year ₹ 89,606.89 Lakhs) from Government of India and ₹ 8,685.95 Lakhs (Previous Year ₹ 8,747.95 Lakhs) from State Governments.

## Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

### 21. Cash and Bank Balances:

₹ in Lakhs

Particulars	Non Current		Current	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
<b>Cash and Cash equivalents</b>				
Cash on hand	-	-	14.17	15.89
<b>Balances with Banks</b>				
Earmarked balances with Banks				
Term Deposits (Refer Note 21.1)	-	-	393.80	371.95
Unclaimed Dividend	-	-	658.87	661.96
In Current accounts	-	-	281.44	801.96
Cheques,drafts on hand	-	-	1,949.47	4,632.98
	-	-	<b>3,297.75</b>	<b>6,484.74</b>
<b>Other Bank Balances</b>				
Deposits with original maturity more than 3 months	-	-	15.22	14.08
Margin Money Deposits	28.47	35.74	4,496.71	2,845.59
Amount disclosed under "Other Non Current Assets" (Refer Note 22)	(28.47)	(35.74)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>7,809.68</b>	<b>9,344.41</b>

21.1. Amount deposited in pursuance of Notification issued by Ministry of Corporate Affairs, vide Circular No. 04/2013, dated February 11, 2013.

### 22. Other Assets:

₹ in Lakhs

Particulars	Non Current		Current	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Non Current Bank balances (Refer Note 21)	28.47	35.74	-	-
Other Receivables (considered good)	-	-	-	179.78
Interest Accrued on Deposits	-	-	248.54	163.49
Unbilled Revenue	-	-	3.34	22.51
<b>Total</b>	<b>28.47</b>	<b>35.74</b>	<b>251.88</b>	<b>365.79</b>

### 23. Revenue from operations:

₹ in Lakhs

Particulars	2014-15	2013-14	
<b>Sales, including Subsidy on products</b>			
<b>Manufactured goods</b>			
Urea (Refer Note 23.1)*	1,23,895.14	1,71,517.00	
Ammonia (Refer Note 23.2)	899.32	-	
Customised Fertilizers	493.37	3,879.79	
Wind Energy	657.62	751.59	
Extruded Irrigation systems	18,557.81	18,202.62	
PVC Pipes	-	47.99	
<b>Total - (A)</b>	<b>1,44,503.26</b>	<b>1,94,398.99</b>	
<b>Traded goods</b>			
Pool Urea	67,437.92	87,199.44	
Bulk Fertilizers @	-	37,570.57	
Specialty Fertilizers	11,421.72	8,133.42	
Others	29,312.59	17,149.46	
<b>Total - (B)</b>	<b>1,08,172.23</b>	<b>1,50,052.89</b>	
<b>Sale of Products</b>	<b>Total - (A+B)</b>	<b>2,52,675.49</b>	<b>3,44,451.88</b>
<b>Sale of Services - Manpower</b>	805.83	999.70	
<b>Other Operating revenues (sale of scrap, etc.)</b>	264.76	249.25	
<b>Total</b>	<b>2,53,746.08</b>	<b>3,45,700.83</b>	

\* including Government Subsidy ₹ 74,394.78 Lakhs (Previous Year ₹ 95,033.34 Lakhs)

@ including Government Subsidy ₹ Nil (Previous Year ₹ 13,457.66 Lakhs)

## Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

### 23.1. Group Concession Scheme – (GCS) Subsidy

Nitrogenous fertilizers (Urea) are under the Group Concession Scheme as per New Pricing Scheme announced by the Government of India, Department of Fertilizers vide their letter dated March 08, 2007 to be implemented for the period from October 01, 2006 to March 31, 2010 (NPS-III) which has further been extended from April 01, 2010 until further orders. The Concession Rate for Plant-1 and Plant-2 for the period April 01, 2014 to March 31, 2015 has been recognized based on the latest notified rates under NPS-III and further adjusted with input price escalation aggregating to ₹ 11,594.05 Lakhs including giving effect to Modified NPS III policy for reimbursement of additional fixed cost of ₹ 350/- per MT (Previous Year de-escalation ₹ 597.86 Lakhs ) as estimated by the Management.

Adjustments if any, on notification of final prices under the scheme will be considered in the year in which notifications are received.

### 23.2. Ammonia Sale

Due to non-supply/short supply of gas, Unit-I and Unit-II Ammonia-Urea plants and Carbon Dioxide Recovery plant were non-operational and operated at reduced loads resulting in limitation of CO<sub>2</sub>. Due to this technical limitations /reasons, there was generation of surplus ammonia and sales during the year April 01, 2014 to March 31, 2015.

### 24. Other Income:

Particulars	₹ in Lakhs	
	2014-15	2013-14
Interest on Bank Deposits and Others	574.88	2,329.85
Grants in Aid (Refer Note 24.1)	-	100.00
Other non-operating income	3,509.35	1,177.43
Profit on sale of assets	18.07	-
<b>Total</b>	<b>4,102.30</b>	<b>3,607.28</b>

24.1. represents revenue grant received from Department of Bio Technology towards Process Development Unit and Rare Sugar Production for in-house Research and Development.

### 25. Cost of Materials consumed:

Particulars	₹ in Lakhs	
	2014-15	2013-14
Natural Gas	45,286.22	52,593.28
Plastic Granules	7,429.49	8,545.66
PVC resin	2,674.63	2,683.82
Others	576.17	1,842.39
Packing Material	3,896.04	5,714.71
<b>Total</b>	<b>59,862.55</b>	<b>71,379.86</b>

### 26. Purchases of Traded Products:

Particulars	₹ in Lakhs	
	2014-15	2013-14
Pool Urea	71,238.14	77,929.88
Bulk Fertilizers	-	32,315.71
Specialty Fertilizers	7,525.40	6,186.09
Packing Material	1,200.18	783.08
Others	26,721.52	27,167.86
<b>Total</b>	<b>1,06,685.24</b>	<b>1,44,382.62</b>

## Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

### 27. (Increase) / Decrease in Stock:

Particulars	₹ in Lakhs	
	2014-15	2013-14
Inventories at the end of the year		
Traded Goods	8,768.00	17,785.14
Finished Goods	3,508.72	1,730.58
Work in Process	357.70	81.84
<b>Total - (A)</b>	<b>12,634.42</b>	<b>19,597.56</b>
Inventories at the beginning of the year		
Traded Goods	17,785.13	17,349.17
Less: Purchase Returns during the year	(12,001.15)	-
Finished Goods	1,730.58	3,534.93
Work in Process	81.84	53.31
<b>Total - (B)</b>	<b>7,596.40</b>	<b>20,937.41</b>
<b>Total - (A-B)</b>	<b>(5,038.02)</b>	<b>1,339.85</b>

### 28. Employee Benefits Expense:

Particulars	₹ in Lakhs	
	2014-15	2013-14
Salaries and Wages	11,759.93	11,657.69
Contribution to Provident and Other Funds	1,017.28	1,031.99
Staff Welfare Expenses	998.89	1,001.54
<b>Total</b>	<b>13,776.10</b>	<b>13,691.22</b>

**28.1.** The company based on the approvals obtained from the Board of Directors and the shareholders at the Annual General Meeting held on September 26, 2014 filed applications with the Central Government for approval for payment of remuneration to Mr. K S Raju, Chairman and Mr. K Rahul Raju, Managing Director for the period April 1, 2013 to March 31, 2014, April 1, 2014 to July 31, 2014 and August 1, 2014 to July 31, 2017 which are pending with Central Government.

### 29. Finance Cost:

Particulars	₹ in Lakhs	
	2014-15	2013-14
Interest Expense		
Term Loans	2,227.03	3,798.80
Debentures	1,562.76	1,360.25
Short term borrowings	16,556.67	16,159.92
Other borrowing costs	2,983.41	6,381.49
Interest on shortfall in payment of Advance Tax	319.47	474.15
<b>Total</b>	<b>23,649.34</b>	<b>28,174.61</b>

## Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

### 30. Other Expenses:

Particulars	₹ in Lakhs	
	2014-15	2013-14
Catalysts charge	25.77	74.75
Chemicals and consumables	890.40	1,065.11
Excise Duty on Inventory	4.54	(15.22)
Rent	875.53	924.99
Rates and Taxes	727.67	1,676.76
Electricity and Water	191.81	210.35
Stores and Spares Consumed	1,123.73	817.17
Repairs and Maintenance		
Buildings	135.04	55.26
Plant & Machinery	876.17	954.25
Others	1,118.05	667.80
Insurance	488.26	569.93
Printing and Stationery	101.62	122.36
Postage, Telephone and Telex	249.07	257.32
Travelling and Conveyance	1,442.89	1,547.55
Advertisement and Publicity	737.86	998.01
Employee Recruitment and Training	48.11	35.07
Legal, Secretarial and Share Registry	571.82	526.14
Professional and Consultancy	1,391.39	1,641.13
Directors Sitting Fees	12.81	13.99
Loss on Sale of Assets / Assets discarded	-	471.15
Auditors' remuneration	101.93	107.76
Donations	-	136.05
Corporate Social Responsibility Expenditure	86.22	-
Transport & Handling	14,821.49	24,104.90
Distribution	779.33	2,368.54
Sales Commission / discounts / rebates	780.95	742.23
Bad Debts / Advances written off	2,927.64	0.72
Provision for doubtful debts / advances	846.17	85.37
Provision for diminution in value of Investments	-	17.50
Loss on foreign currency transactions	312.44	-
Miscellaneous	679.34	781.30
<b>Total</b>	<b>32,348.05</b>	<b>40,958.24</b>

### 31. Exceptional and Extra-ordinary items:

#### 31.1. Exceptional Items

Particulars	₹ in Lakhs	
	2014-15	2013-14
Loss on Sale of Assets / Assets discarded	3,510.52	-
Legal & Professional Charges (Stage-III and Super revamp)	833.84	-
Loss on foreign currency transactions	-	14,539.06
Write off advance and investment in Nagarjuna Spawnt GmbH (Refer Note 31.1.1)	8,047.81	-
Provision for Recompense	-	6,022.34
<b>Total</b>	<b>12,392.17</b>	<b>20,561.40</b>

**31.1.1.** Nagarjuna Spawnt GmbH (NSG) is an associate company of Nagarjuna Industrial Services and Investments Private Limited (NISPL), a wholly owned foreign subsidiary to Nagarjuna Fertilizers and Chemicals Limited ("the Company"), has been declared insolvent during the year. Accordingly, the amounts invested and advanced by NISPL to NSG along with interest receivable on the advances may not be recoverable, hence written off.

## Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

Spawnt Private S.a.r.l. (SPS) Luxembourg, became a step-down subsidiary to the Company during the year had also invested in NSG in earlier years. In view of NSG declared as insolvent, the amount invested by SPS has been fully impaired and hence written off.

### 31.2. Extra ordinary Items

	₹ in Lakhs	
	2014-15	2013-14
Impairment Loss (Refer Note 31.2.1)	3,184.62	-
<b>Total</b>	<b>3,184.62</b>	<b>-</b>

**31.2.1.** Considering the operating results of the business so far and the prospects of viable economic returns from the wind power business, the Board has during the year, taken a decision to dispose off wind power assets. Pursuant to the decision, Company had obtained a purchase proposal from a prospective buyer. Based on the purchase consideration offered, the excess carrying value of windmill assets ₹3,184.62 Lakhs is recognised as impairment loss.

### 32. Contingent Liabilities and Commitments:

#### 32.1. Contingent Liabilities not provided for:

- 32.1.1.** Counter guarantees given to Bankers in respect of Bank guarantees ₹1,606.84 Lakhs (Previous year ₹1,814.63 Lakhs).
- 32.1.2.** Compensation in respect of 33.35 acres (Previous year 33.35 acres) of land in possession - amount not ascertained.
- 32.1.3.** Claims against the Company not acknowledged as debts ₹4,893.41 Lakhs. (Previous year ₹7,498.53 Lakhs including ₹5,400.06 Lakhs disputed Excise Duty on subsidy).

#### 32.2. Commitments:

- 32.2.1.** Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance) ₹905.50 Lakhs (Previous year ₹3,004.03 Lakhs).
- 32.2.2.** In terms of Composite Scheme of Arrangement and Amalgamation approved by Jurisdictional Courts, the Company has Commitment towards contribution to Nagarjuna Oil Refinery Limited (NORL) a sum of ₹100.00 Lakhs per year or such amount as may be required from time to time for a period of five years or until such time that NORL is able to manage its financial affairs.

### 33. Segment Reporting:

The financial results comprise the combined operations of the Company relating to Fertilizer, Micro Irrigation, Agri Informatic Services and Wind Energy generation business. The financial results of Micro Irrigation segment, Wind Energy segment and Agri Informatic Services segment are less than the threshold limit prescribed for separate disclosure in Accounting Standard 17, and therefore, have not been shown separately.

### 34. Related Parties Transactions

#### 34.1 List of related parties and their relationships

##### Subsidiaries

- (i) Jaiprakash Engineering and Steel Company Limited
- (ii) Nagarjuna Industrial Services and Investments Private Limited (NISIPL)

##### Step down Subsidiaries

- (i) Spawnt Private S.a.r.l, Luxembourg (Effective from February 11, 2015)

##### Associates

- (i) Nagarjuna Agricultural Research and Development Institute
- (ii) KVK Raju International Leadership Academy

##### Key Management Personnel

- (i) Mr.K.S.Raju, Chairman
- (ii) Mr.K.Rahul Raju, Managing Director

##### Relatives of Key Management Personnel

- (i) Smt. K Veda Raju (Wife of Shri K Rahul Raju)
- (ii) Smt. K Lakshmi Raju (Daughter of Shri K S Raju and Sister of Shri K Rahul Raju)
- (iii) Smt. K Lakshmi Raju (Sister of Shri K S Raju)

##### Enterprises able to exercise significant influence

- (i) Amlika Mercantile Private Limited

##### Enterprises significantly influenced by Key Management personnel or their relatives

- (i) NFCL Employees Welfare Trust
- (ii) Nagarjuna Agrichem Limited
- (iii) Nagarjuna Oil Refinery Limited
- (iv) Nagarjuna Foundation

## Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

### 34.2 Related party transactions during the year end March 31, 2015 are as under:

₹ in Lakhs

Nature of transaction	Associates	Associates to Subsidiary	Key Management Personnel and Relatives	Enterprises significantly influenced by Key Management personnel or their relatives
Advances given	Nil (Nil)	Nil (1,305.42)	Nil (0.14)	492.39 (173.28)
Write off advance and investment in Nagarjuna Spawnt GmbH	Nil (Nil)	8,047.81 (Nil)	Nil (Nil)	Nil (Nil)
Interest Income on loan given	Nil (Nil)	Nil (377.04)	Nil (Nil)	Nil (Nil)
Lease rental received	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (0.50)
Remuneration to key management personnel	Nil (Nil)	Nil (Nil)	138.32 (133.67)	Nil (Nil)
Rent paid	Nil (Nil)	Nil (Nil)	622.61 (83.02)	6.74 (6.74)
Donation	Nil (Nil)	Nil (Nil)	Nil (Nil)	80.00 (132.00)

Note: Figures in brackets represent previous year transactions.

### 34.3 Balances outstanding at the year end March 31, 2015.

₹ in Lakhs

Nature of transaction	Associates	Associates to Subsidiary	Key Management Personnel and Relatives	Enterprises significantly influenced by Key Management personnel or their relatives
<b>Loans and Advances</b>				
Nagarjuna Spawnt GmbH	Nil (Nil)	Nil (8,620.61)	Nil (Nil)	Nil (Nil)
Nagarjuna Oil Refinery Limited	Nil (Nil)	Nil (Nil)	Nil (Nil)	879.21 (386.82)
Smt. K Lakshmi Raju (Sister of Shri K S Raju)	Nil (Nil)	Nil (Nil)	0.75 (3.25)	Nil (Nil)
<b>Rental Deposits receivable</b>				
Nagarjuna Agrichem Limited	Nil (Nil)	Nil (Nil)	Nil (Nil)	0.40 (0.40)
Smt. K Lakshmi Raju (Daughter of Shri K S Raju and Sister of Shri K Rahul Raju)	Nil (Nil)	Nil (Nil)	90.00 (90.00)	Nil (Nil)
Smt. K Lakshmi Raju (Sister of Shri K S Raju)	Nil (Nil)	Nil (Nil)	Nil (7.37)	Nil (Nil)
<b>Rental Deposits payable</b>				
Nagarjuna Agrichem Limited	Nil (Nil)	Nil (Nil)	Nil (Nil)	0.21 (0.21)
<b>Other Assets</b>				
Nagarjuna Agrichem Limited	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (8.49)
<b>Trade Payables</b>				
Shri.K Rahul Raju	Nil (Nil)	Nil (Nil)	116.38 (Nil)	Nil (Nil)
Smt. K Lakshmi Raju (Sister of Shri K S Raju)	Nil (Nil)	Nil (Nil)	Nil (2.21)	Nil (Nil)
Smt. K Lakshmi Raju (Daughter of Shri K S Raju and Sister of Shri K Rahul Raju)	Nil (Nil)	Nil (Nil)	1.53 (1.53)	Nil (Nil)
<b>Other Current Liabilities</b>				
Key Management Personnel	Nil (Nil)	Nil (Nil)	18.46 (Nil)	Nil (Nil)

Note: Figures in brackets represent previous year transactions.

35. In respect of Jaiprakash Engineering and Steel Company Ltd (JESCO), the project envisaged has not materialised. Karnataka Industrial Area Development Board (KIADB) had given possession of 986.52 acres of land (lease hold and free hold) for the project against payment of ₹ 3,053.65 Lakhs in earlier years. JESCO approached KIADB for surrender of land allotted and refund of amount paid. KIADB agreed to reimburse the cost with a condition as and when KIADB receive request, JESCO lands will be offered and upon acceptance by potential investor amounts will be refunded to JESCO. As at the year end, JESCO is in possession of 548.70 acres of land.

The Company has applied for approval to implement two projects i.e. Fertilizers and Chemicals Complex and Integrated Township to Karnataka Government during the year in the balance land held by the Company. The Government of Karnataka has approved the projects vide Government Order (GO) No. CI 175 SPI 2011, Bangalore dated August 18, 2011, May 07, 2012 and GO No. CI 176 SPI 2011 dated August 18, 2011.

## Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

Government of Karnataka has passed order No. CI 175 SPI 2011 dated November 11, 2013 cancelling the Land Allotment made to the Company stating that the Company has not implemented the approved projects and also advised KIADB to resume the balance land from the Company. The Company has filed a writ petition in the Hon'ble High Court of Karnataka challenging the above cited GO and the Hon'ble High Court of Karnataka has prohibited the Government of Karnataka from dispossessing the land in possession of the Company.

Pending crystallization of plans and considering the above said developments during the year, the Financial Statements of the Company for the year have been prepared on going concern basis, notwithstanding that the project initially planned has been shelved.

### 35.1. Additional Information with respect to percentage of net assets and profit or loss of Parent and Subsidiary companies

Name of the entity	Net Assets i.e., total assets minus total liabilities		Share in profit or loss	
	As % of total Consolidated Net assets	₹ in Lakhs	As % of total Consolidated Profit or loss	₹ in Lakhs
<b>Parent</b>				
Nagarjuna Fertilizers and Chemicals Limited	98.59%	1,67,768.20	79.42%	(31,132.15)
<b>Subsidiaries</b>				
<b>a) Indian</b>				
Jaiprakash Engineering and Steel Company Limited	1.06%	1,804.96	0.00%	(1.79)
<b>b) Foreign</b>				
Nagarjuna Industrial Services and Investments Private Limited	0.35%	592.49	20.58%	(8,066.83)
<b>Minority Interest in all subsidiaries</b>				
<b>a) Indian</b>				
Jaiprakash Engineering and Steel Company Limited	0.00%	2.84	0.00%	0.00
<b>b) Foreign</b>				
Nagarjuna Industrial Services and Investments Private Limited	0.00%	0.00	0.00%	0.00

### 36. Earnings per Share:

SL No.	Particulars	Unit of Measurement	2014-15	2013-14
1	Net (Loss) after tax	(₹ in Lakhs)	(39,200.77)	(23,556.10)
2	Number of Equity shares (fully paid up)	(Numbers)	59,80,65,003	59,80,65,003
3	Earnings per share – Basic & Diluted (Face value of ₹ 1/- per share)	[ 1 ] / [ 2 ]	(6.55)	(3.94)

Note: The Company has no dilutive instruments as at March 31, 2015, as such dilutive earnings per share equals to Basic Earnings per share.

37. The figures for the previous year have been restated / regrouped, wherever necessary, to conform to current year classification.

### Signatories to Notes "1 to 37"

For and on behalf of the Board

**K S Raju**  
Chairman

**Chandra Pal Singh Yadav**  
**D. Ranga Raju**  
**M P Radhakrishnan**  
**Dr. NCB Nath**  
**Pawan Kumar**  
**S R Ramakrishnan**  
**Shailendra Govind Nadkarni**  
**Yogesh Rastogi**  
Directors

Hyderabad  
May 16, 2015

**M Ramakanth**  
Company Secretary

**Sudhir Bhansali**  
Chief Financial Officer

**K Rahul Raju**  
Managing Director

## The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on September 25, 2015 at 9.00 AM and ends on September 28, 2015 at 5.00 PM.. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the September 22, 2015 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
- For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below

For Members holding shares in Demat Form and Physical Form	
PAN*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>*Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number (available in the address label pasted on the Annual Report and / or in the email sent to members) in the PAN field.</p> <p>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RAO0000001 in the PAN field.</p>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <p>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</p>

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for "Nagarjuna Fertilizers and Chemicals Limited" to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) **In case of members receiving the physical copy:**
- Please follow all steps from sl.no.(iii) to sl.no.(xx) above to cast vote.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).



# Nagarjuna Fertilizers and Chemicals Limited

Registered Office: D.No.8-2-248, Nagarjuna Hills, Hyderabad – 500 082

## BALLOT FORM

(The members who are not able to attend the Annual General Meeting can send their assent or dissent in writing in respect of the resolutions as set out in the notice by sending the duly filled and signed Ballot Form to the Scrutinizer, Mr. CSS Krishna, Partner, M/s K B G Associates, Company Secretaries at Flat No.101, Sri Sai Krishna Residency, 1-2-234/13, Aravind Nagar, Domalguda, Hyderabad – 500 029 so as to reach him on or before close of business hours of September 28, 2015.

Sl No	Particulars	Details
1.	Name of the First Named Shareholder (In Block Letters)	
2.	Postal Address	
3.	Registered Folio No./DP ID & Client ID* (*Applicable to investors holding shares in dematerialized form)	
4.	No of shares held	

I/ We hereby exercise my/ our vote in respect of Ordinary/Special Resolution enumerated below by recording my/ our assent or dissent to the said resolution by placing tick (✓) mark at the appropriate box below :

	Resolution	I/We assent to the resolution	I/We dissent to the resolution
1	Adoption of financial statements for the year ended March 31, 2015 and the Directors Report and Auditors Report thereon		
2	Appointment of Mr. Chandra Pal Singh Yadav, who retires by rotation		
3	Ratification of the appointment of M/s. M Bhaskara Rao & Co., as Statutory Auditors of the company		
4	Appointment of Ms. Lalitha Raghuram as an Independent Director		
5	Appointment of Mr. D Ranga Raju as an Independent Director		
6	Approval of remuneration payable to Cost Auditor, Mr. Dantu Mitra, for the financial year 2015-2016		
7	Approval for making contribution to Nagarjuna Foundation for an amount not exceeding ₹2 Crores during the financial year 2015-16. (Related Party Transaction)		
8	Approval to borrow from time to time upto a sum not exceeding ₹7500 crores		
9	Approval to mortgage and/ or create charge on all immovable or movable properties or such other assets of the Company to create security		

Place :

Date :

(Signature of the shareholder)

### INSTRUCTIONS FOR FILING THE BALLOT FORM

1. A Member desiring to exercise vote by ballot form may complete the ballot form and send it to the Scrutinizer, appointed by the Company Mr C S S Krishna , Partner, M/s K B G Associates, Company Secretaries at Flat No.101, Sri Sai Krishna Residency, 1-2-234/13, Aravind Nagar, Domalguda, Hyderabad – 500 029.
2. In case of shares held by companies, trusts, societies etc., the duly completed ballot form should be signed by a person authorized and accompanied by a certified true copy of the resolution indicating the authorization.
3. Unsigned Ballot Forms will be rejected.
4. Duly completed Ballot Form should reach the Scrutinizer not later than 5.30 PM on September 28, 2015, Monday, at address mentioned in Point No.1 above.
5. The Scrutinizer's decision on the validity of a Ballot Form will be final.





# Nagarjuna Fertilizers and Chemicals Limited

Registered Office: D.No.8-2-248, Nagarjuna Hills, Hyderabad – 500 082

9<sup>th</sup> Annual General Meeting at 10.00 a.m. on September 29, 2015  
at Sri Satya Sai Nigamagmam, 8-3-987/2, Srinagar Colony, Hyderabad - 500 073

## ADMISSION SLIP

Folio No./ DP ID & Client ID : \_\_\_\_\_ Shares Held: \_\_\_\_\_

Please tick whether Member / Joint holder / Proxy \_\_\_\_\_

### Member's or Proxy's Signature

Note: Shareholder / Proxy must bring the Admission Slip to the Meeting and hand it over at the entrance duly signed.



## Nagarjuna Fertilizers and Chemicals Limited

Registered Office: D.No.8-2-248, Nagarjuna Hills, Hyderabad – 500 082

CIN : L24129AP2006PLC076238

## PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s): \_\_\_\_\_

Registered Address: \_\_\_\_\_

Email id: \_\_\_\_\_

Folio No./DP ID & Client ID: \_\_\_\_\_

I/We, being the member(s) of \_\_\_\_\_ shares of the above named company, hereby appoint

- |          |         |           |                      |
|----------|---------|-----------|----------------------|
| 1. Name  | : _____ | Address   | _____                |
| Email id | : _____ | Signature | _____ or failing him |
| 2. Name  | : _____ | Address   | _____                |
| Email id | : _____ | Signature | _____ or failing him |
| 3. Name  | : _____ | Address   | _____                |
| Email id | : _____ | Signature | _____ or failing him |

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 9<sup>th</sup> Annual General Meeting/Extraordinary General Meeting of the company, to be held on the Tuesday, 29<sup>th</sup> day of September, 2015 at 10.00 a.m. at Sri Satya Sai Nigamagmam, 8-3-987/2, Srinagar Colony, Hyderabad - 500 073 and at any adjournment thereof in respect of such resolution as are indicated below :

<p><b>Ordinary Business</b></p> <ol style="list-style-type: none"> <li>Adoption of financial statements for the year ended March 31, 2015 and the Directors Report and Auditors Report thereon</li> <li>Appointment of Mr. Chandra Pal Singh Yadav who retires by rotation</li> <li>Ratification of the appointment of M/s. M Bhaskara Rao &amp; Co as Statutory Auditors of the company</li> </ol> <p><b>Special Business</b></p> <ol style="list-style-type: none"> <li>Appointment of Ms. Lalitha Raghuram as an Independent Director</li> </ol>	<ol style="list-style-type: none"> <li>Appointment of Mr. D Ranga Raju as an Independent Director</li> <li>Approval of remuneration payable to Cost Auditor, Mr. Dantu Mitra, for the financial year 2015-2016.</li> <li>Contribution not exceeding ₹2 crores during the Financial Year 2015-2016 to Nagarjuna Foundation</li> <li>Approval to borrow from time to time upto a sum not exceeding ₹ 7500 crores</li> <li>Approval to mortgage and/ or create charge on all immovable or movable properties or such other assets of the Company to create security</li> </ol>
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Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2015

Signature of shareholder

Signature of Proxy holder (s)

Affix  
Revenue  
Stamp

Note : This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 Hours before the commencement of the Meeting.







If undelivered, please return to  
Nagarjuna Fertilizers and  
Chemicals Limited / Investors Services Cell  
Plot No. I, Nagarjuna Hills, Punjagutta,  
Hyderabad-500 082, Telangana, India

tel + 91 40 2335 8405 / 7200  
[www.nagarjunafertilizers.com](http://www.nagarjunafertilizers.com)